



# ***Daily Report***

## **China**

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# Daily Report

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FBIS-CHI-93 212

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**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### Foreign Ministry Holds Weekly News Briefing

#### On President Clinton-Jiang Meeting

*HK0411105293 Hong Kong AFP in English 0951 GMT 4 Nov 93*

[Text] Beijing, Nov 4 (AFP)—China said Thursday "great potential" existed for cooperation with the United States in trade and international politics, but again warned Washington that using pressure to resolve bilateral disputes was a dead-end.

As a flurry of high-level exchanges continued, a spokesman here announced that Vice Foreign Minister Liu Huaqiu was in Washington for "comprehensive political consultations" with the administration of President Bill Clinton.

The visit, agreed to in late September, was certain to set the groundwork for a meeting between Clinton and Chinese President Jiang Zemin to be held this month in Seattle.

It would address "every aspect" of ties, Foreign Ministry spokesman Wu Jianmin told a weekly briefing.

The Clinton-Jiang meeting, the first meeting of the countries' heads of state since the 1989 Tiananmen Square crackdown, was of "great importance," Wu said.

"Both sides have realized that there is still great potential for developing cooperation between the two sides, especially in the area of economic and trade relations, as well as in the area of international politics," he said.

"It is not surprising that China and the United States should have differences because the two countries have different conditions," the spokesman said, adding that Beijing was "in favor of dialogue" when handling disputes.

"Exerting pressure is of no avail," he warned.

The spokesman said it was too early to say that bilateral relations had returned to the level of the pre-crackdown period because U.S. sanctions were still in place.

But, he added, China hoped that the Clinton-Jiang meeting would push forward the relationship, since better ties would improve the international climate.

Clinton decided in late September to resume high-level exchanges and has dispatched senior officials here to discuss U.S. concerns over China's policy on trade, arms sales and human rights.

The U.S. president has made progress in the three areas conditions [as received] for renewing China's preferential trade status next year.

Beijing reiterated again Thursday that it would reject any conditions on most-favored-nation (MFN) trade status, saying that "any action of attaching conditions to the MFN trade status of China runs counter to the Sino-U.S. trade principals of reciprocity and equality."

The Clinton-Jiang meeting will take place before the opening of an Asia Pacific economic cooperation leaders meeting in Seattle on November 19.

China has said it will seek permanent unconditional MFN renewal at the forum, but Washington has ruled out such an arrangement.

#### Views APEC Leadership Forum

*OW0411101493 Beijing XINHUA in English 1002 GMT 4 Nov 93*

[Text] Beijing, October 4 (XINHUA)—The Chinese Government hopes that the upcoming leadership conference of the Asian-Pacific Economic Cooperation (APEC) will reflect the views and opinions of the all sides in an objective and balanced manner.

Chinese Foreign Ministry Spokesman Wu Jianmin made this remark at a weekly press conference here this afternoon.

Wu said that it has not yet been decided if a document will be adopted by the informal leadership conference.

"If the conference adopts a document," he said, "We hope that it will reflect the views and opinions of the all sides in an objective and balanced manner, and will play a positive role in promoting economic cooperation in the Asia-Pacific Region."

#### Sees 'Potential' For U.S. Ties

*HK0411084993 Hong Kong AFP in English 0816 GMT 4 Nov 93*

[Text] Beijing, Nov 4 (AFP)—As a flurry of high-level exchanges continued, China said Thursday "great potential" existed for cooperation with the United States in trade and international politics but warned Washington again that using pressure to resolve bilateral disputes was a dead-end.

A spokesman here announced that Vice Foreign Minister Liu Huaqiu was in Washington for "comprehensive political consultations" with the administration of U.S. President Bill Clinton. The visit, agreed to in late September, was certainly to set the groundwork for a meeting between Clinton and Chinese President Jiang Zemin to be held this month in Seattle. It would address "every aspect" of ties, Foreign Ministry spokesman Wu Jianmin told a weekly briefing.

The Clinton-Jiang meeting, the first meeting of the countries' heads of state since the 1989 Tiananmen Square crackdown, was of "great importance," Wu said. "Both sides have realized that there is still great potential for developing cooperation between the two sides, especially in the area of economic and trade relations as well as in the area of international politics," he said. "It is not surprising that China and the United States should have differences because the two countries have different conditions," the spokesman said, adding that Beijing was "in favor of dialogue" when discussing disputes. "Exerting pressure is of no avail," he warned. The spokesman said it was too early to say that relations had returned to the level of the pre-crackdown period because U.S. sanctions were still in place.

**On 'Differences' With U.S.**

OW0411100093 Beijing XINHUA in English 0931  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—The current Sino-U.S. relations have not returned to the level before 1989 since some of the sanctions imposed by the U.S. side against China are still not lifted.

Chinese Foreign Ministry Spokesman Wu Jianmin made the statement at a weekly press conference here this afternoon when answering a question concerning the on-going U.S. visit by Chinese Vice-Foreign Minister Liu Huaqiu.

He said Liu, who left for the United States on November 2, would meet with Peter Tarnoff, U.S. under-secretary of state for political affairs.

"They would hold a comprehensive political consultation on the Sino-U.S. relations," he said.

The visit took place in accordance with an understanding reached between Chinese Foreign Minister Qian Qichen and U.S. Secretary of State Warren Christopher in New York at the end of September.

Recently, there have been frequent high-level exchanges between China and the United States, and the most important one would be the meeting between President Jiang Zemin and President Clinton in mid November, he said.

He noted that China attached great importance to the upcoming summit between the two presidents, and hoped that the meeting would enhance the mutual understanding and give impetus to the improvement and development of bilateral relations.

Wu said that although it is true there are some differences between the two sides and there are some difficulties in the bilateral relations, both sides have realized that there is still great potential for developing cooperation between the two countries, especially in the fields of economic and trade relations and international politics.

"I believed that this has been attested by the rapid development of the Sino-U.S. economic and trade ties since the beginning of this year," he said.

Wu noted that the Chinese side is in favor of dialogue to solve the problems in the bilateral ties, "because the tortuous cause of the evolution of bilateral relations has proved that dialogue is effective and imposing pressure goes nowhere."

Both China and the U.S. are two influential countries, and the improvement and development of Sino-U.S. ties will not only be beneficial to the people of the two countries, but also conducive to peace, stability and development in the Asia-Pacific Region and even in the world at large, the spokesman said.

**On UK 'Warning' on Hong Kong**

HK041111893 Hong Kong AFP in English 1032 GMT  
4 Nov 93

[Text] Beijing, Nov 4 (AFP)—China rejected as "unwarranted" Thursday a warning from Britain that a delay in

endorsing treaties on Hong Kong would be a breach of a 1984 bilateral pact sealing the British colony's 1997 handover to Beijing.

British Foreign Office deputy legal adviser Kevin Chamberlain said Wednesday there was an "urgent need" to accelerate talks on the application of 200 treaties. Chamberlain said that if the work was not completed by the July 1, 1997 handover date, it would mean Beijing had failed to fulfil the terms of the 1984 Sino-British Joint Declaration, which sets out the terms of Hong Kong's return to Beijing sovereignty.

Chinese Foreign Ministry spokesman Wu Jianmin, when asked to respond, said that considering ongoing Sino-British talks on proposed political reform in Hong Kong it was inappropriate to make such remarks. "Against this backdrop, it is apparently inappropriate to make unwarranted remarks and interfere with the talks," he said.

Britain and China have made virtually no progress in more than six months of negotiations on a plan proposed a year ago by Hong Kong Governor Chris Patten to broaden the colony's electoral franchise in 1994 and 1995 elections. China has fiercely rejected such changes and has threatened to dismantle any unilateral moves after 1997.

**Views Kohl's Visit, EC Ties**

OW0411110893 Beijing XINHUA in English 1052  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—The smooth development of the Sino-German ties will produce a positive impact on the improvement and development of the relations between China and the European Community (EC). Foreign Ministry Spokesman Wu Jianmin said here today.

He said at a weekly press conference this afternoon that Germany is an important member nation of the EC and plays an important role in its external political and economic, trade relations.

On the current trip by Dieter Kastrup, special envoy of German Chancellor Helmut Kohl, Wu said that his trip is to make preparations for Kohl's coming visit to China.

During his trip, Kastrup, also secretary of state of German Foreign Ministry, has held very good meetings with his Chinese counterpart, Vice-Foreign Minister Jiang Enzhu, Wu said.

He noted that Qian Qichen, vice-premier and foreign minister, stressed that the Chinese side attached great importance to Kohl's forthcoming visit during his meeting with Kastrup.

Qian also expressed his hope that Kohl's visit will be a complete success and this will be beneficial to the both sides, Wu said.

The special envoy said that German chancellor also attached great importance to the visit, and the more and better preparations, the more achievements will be scored, the spokesman said.

### On Australia's Asylum Offer

HK0411094393 Hong Kong AFP in English 0939 GMT  
4 Nov 93

[Text] Beijing, Nov 4 (AFP)—China rebuked Australia Thursday for granting permanent residency to 29,000 Chinese students and dependants who settled there before and after the 1989 Tiananmen Square crackdown. Beijing had already "explained" to Canberra that it viewed the decision as improper and "tinged with political considerations," foreign ministry spokesman Wu Jianmin said

"We have all along cared for Chinese students studying abroad and hope they will come back to serve the country," Wu said. "We object to the obstruction, caused by any country, to their return to work for China under the pretext of so-called political reasons or human rights," he said. "No political factor is involved for Chinese students in Australia either to come back to China or remain in Australia," he said. "It is not proper to treat them differently, especially in ways tinged with political considerations."

Australia also said it may allow some of the Chinese who arrived two weeks or more after the crackdown to stay. Beijing protested a similar decision by former U.S. President George Bush last year. Like Bush, former Australian Prime Minister Bob Hawke promised to protect Chinese students seeking refuge after the Chinese Army crushed a pro-democracy movement here on June 4, 1989. Many students overseas fear being persecuted if they return to China, but the government has said it would offer an amnesty for students who return, no matter what their political beliefs or activities. Beijing placed one precondition for returning students: must cut all ties with anti-government groups.

### Spokesman Calls Asylum 'Pretext'

OW0411105393 Beijing XINHUA in English 1036  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—The Chinese Government is opposed to the obstruction by any country to the return of the Chinese students studying abroad to their motherland under the pretext of so-called political factor or human rights.

Foreign Ministry Spokesman Wu Jianmin made the remark at a weekly press conference here this afternoon while commenting on the Australian immigration authorities' decision to grant 28,000 Chinese nationals including students in Australia the right of permanent residence.

Wu noted that the Chinese Government has always been in favor of strengthening Sino-Australian educational exchanges and cooperation on the basis of consultation on an equal footing and friendly mutual assistance.

The self-financed Chinese students and their family members now in Australia had lawfully entered Australia on valid visas issued by the Australian side, Wu said.

While studying, he added, they have also contributed to the friendly relations between China and Australia over the past few years.

"We have all along cared for Chinese students studying abroad, and hoped that they will come back to serve the country after completing their study," Wu said. "There does not exist any political problem for Chinese students in Australia either to come back to China or remain in Australia."

"It is not appropriate to treat them differently, especially in ways tinged with political consideration."

### On Malaysian Detention of Ship

OW0411114693 Beijing XINHUA in English 1126  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—A Chinese Foreign Ministry spokesman expressed regret over the detention of a Chinese fishing vessel on August 5 and the recent trial of its crew by the Malaysian authorities.

The spokesman made the remark when asked to comment on the incident that the Malaysian authorities detained the Chinese fishing vessel Suiyu 116 on August 5 and its court arbitrarily passed a ruling on the crew recently.

He said that it is entirely legitimate and justified for Chinese fishermen to fish in China's traditional fishing grounds.

"The Malaysian side detained the Chinese ship for as long as more than two months and went ahead with legal proceedings in disregard of the repeated representations from the Chinese side," the spokesman said. "We hereby express our deep regret."

### Vietnamese President To Visit

OW0411100893 Beijing XINHUA in English 0942  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—The upcoming China visit by Vietnamese President Le Duc Anh is a major event in the development of the Sino-Vietnamese ties, Chinese Foreign Ministry Spokesman Wu Jianmin said here today.

Wu, speaking to a weekly press conference, said that leaders of the two sides would exchange views on the bilateral relations and international and regional issues of common concern during the visit.

The Sino-Vietnamese relations, since normalization in November 1991, has developed well on the whole, he said.

"We hope and believe, through the coming visit by President Le Duc Anh, that good-neighborly, friendly and mutually-beneficial relations between the two countries will register further development on the basis of the five principles of peaceful co-existence," Wu said.

### Song Jian Addresses Environmental Seminar

OW0111015393 Beijing XINHUA Domestic Service in Chinese 1316 GMT 28 Oct 93

[Text] Beijing, 28 Oct (XINHUA)—An international seminar on environmental problems in China and Japan, entitled "Environmental Problems and Human Society," opened recently in Beijing.

Song Jian, state councillor and minister in charge of the State Science and Technology Commission, spoke at the opening ceremony. He said: Success or failure in dealing with the issue of environment and development by a country or region can affect the entire globe. China has always assumed a positive and responsible attitude in taking part in and undertaking obligations in global environmental affairs. Effective cooperation between China and Japan on the issue of environment and development can benefit not only the peoples of the two countries but also entire mankind.

Toshiki Kaifu, former prime minister of Japan, also spoke at the opening ceremony.

The participants discussed issues on the environment and economic development; environmental protection and technological progress; environmental problems versus legislation and public participation and management; and environmental protection and international cooperation.

More than 100 Chinese and foreign experts attended the seminar.

#### UN Envoy Supports DPRK-U.S. Talks

SK0411071893 Beijing China Radio International in Korean 1100 GMT 3 Nov 93

[Text] On 1 November, the UN General Assembly adopted a resolution urging many countries to strengthen international cooperation, to use nuclear energy for a peaceful purpose, and to guarantee the effective execution of the safeguards system of the International Atomic Energy Agency [IAEA]. The resolution also urges the DPRK to fully observe and guarantee the agreement by cooperating with the IAEA immediately.

In a discussion, Pak Kil-yon, DPRK ambassador to the United Nations, was resolutely opposed to the resolution adopted at the United Nations and said that this resolution constitutes a grave infringement on DPRK sovereignty and puts unreasonable political pressure on the DPRK.

In a discussion, PRC Representative (Wu Cheng-jiang) said that the PRC abstained from the vote. The PRC representative made the PRC position clear once again that the PRC supports the principled position of denuclearization of the Korean peninsula. He stressed that the four parties should seek an impartial, reasonable, and overall solution through negotiations and bargaining on the basis of equality and mutual respect because the DPRK nuclear issue is an issue among the four parties, the DPRK, the United States, the ROK, and the IAEA.

Saying that the PRC welcomes the holding of DPRK-U.S. talks, (Wu Cheng-jiang) added that the talks would help resolve the issue.

#### 'Roundup' on U.S. Peace Efforts in Middle East

HK0111104893 Beijing RENMIN RIBAO in Chinese 25 Oct 93 p 6

[("Roundup" by staff reporters Wu Wenbin (0702 2429 2430), Wang Chuanbao (3769 0278 0202): "New Trends of U.S. Middle East Policy"]

[Text] Damascus, 22 Oct (RENMIN RIBAO)—Dennis Ross, special assistant to the U.S. President on Middle East policy coordination, concluded a two-day visit to Syria and left for Washington today, ending his visit to Egypt, Palestine, Jordan, Israel, and Syria, which is aimed at implementing the Palestinian-Israeli peace accord and at bringing about the reopening of talks between Syria and Israel. This is another diplomatic effort the United States has made to coordinate the negotiating stands of Arab countries and Israel since a major breakthrough was made at the 11th round of Arab-Israeli bilateral talks.

People have noticed that since the signing of the Palestinian-Israeli Peace Treaty there have been slight changes in U.S. Middle East policy. Ross' recent visit to the Middle East also constitutes one of the steps the United States has taken in an effort to carry out its new strategy on the peace talks.

First of all, the U.S. Government has tended to substitute the old pattern of holding bilateral talks in Washington with a new practice with which the different Arab parties conduct "separate and direct talks" with Israel. After the signing of the Palestinian-Israeli Peace Treaty, Israel proposed changing the old negotiation pattern, for it believed that the negotiation pattern employed since the Madrid peace talks no longer suited the present situation. At his meeting with Syrian Foreign Minister Faruq al-Shar' and Lebanese Prime Minister Rafiq al-Hariri in Washington early this month, U.S. President Bill Clinton agreed to the aforementioned stance, and expressed the hope that Syria and Lebanon can follow the example of the Palestine Liberation Organization and hold separate talks with Israel. Although the U.S. suggestion was rejected and denounced by Lebanon as a move "aimed at sabotaging the unity between the two countries," it has been learned that urging Syria and Lebanon to conduct separate and direct talks with Israel remained one of the major objectives of Ross' recent visit to the Middle East.

Second, it is necessary to coordinate the stances of Syria and Israel and to urge Syria to participate in the next round of bilateral talks to maintain the present momentum of the Middle East peace talks. Syria was the major stop on Ross' recent visit to the Middle East, and whether or not Syria will participate in the next round of bilateral talks directly affects the Middle East peace process. The immense differences between Syria and Israel on the withdrawal of troops from the Golan Heights has hindered the bilateral talks from making further progress ever since the talks entered a substantive stage. Recently, Israel accused Syria on many occasions of trying to stop Lebanon from deploying government troops in south Lebanon and from disarming the Hizballah, denouncing Syria's suggestion of an "overall peace" as empty talk. Syria responded strongly to the accusation, pointing out that the occupation of the Golan Heights is the single root cause of the conflicts between Syria and Israel, and that only after Israel has withdrawn all of its troops from the Golan Heights will Syria agree to hold talks with Israel on peace and security issues. Syria has also warned that without any guarantees of possible progress at

the next round of talks, it is pointless to resume talks. In addition, Syria has also urged the United States to impose greater pressure on Israel.

Facing deadlocked Syrian-Israeli and Lebanese-Israeli bilateral talks, the U.S. Government first announced the postponement of the Arab-Israeli bilateral talks, which were scheduled to resume at the end of this month, and then sent Ross to the Middle East to mediate between the two parties. Informed sources have disclosed that, during his visit, Ross gave Syria a new suggestion raised by the U.S. Government: Syria indicates to Israel its hope for an "overall peace" while Israel announces, simultaneously, its recognition of Syrian sovereignty over the Golan Heights. Israel would then start to withdraw troops from the Golan Heights in phases, and the United States would send its troops there. However, Syria insists that the Golan Heights has always been Syrian territory, which requires no recognition from Israel.

In addition, the U.S. Government also hopes that Ross' mediation can help improve coordination between Palestine and Israel and between Jordan and Israel, consolidate the accomplishments already attained by previous talks, bring about the early implementation of the Gaza-Jericho Treaty on Autonomy, and urge Jordan and Israel to sign a declaration as quickly as possible on common principles based on a pre-arranged agenda for the talks.

The media has already noticed that Ross revealed to the press before he left Damascus this morning that his Middle East visit had been fruitful and that, in particular, his visit to Syria had provided both parties with an opportunity to resume dialogue. It appears that certain progress has been made through Ross' mediation; however, whether or not Syria can attend the next round of Arab-Israeli bilateral talks, or whether or not a treaty can be reached by the end of this year as promised by the United States, depends on future diplomatic efforts of all sides, particularly on the results of U.S. Secretary of State Warren Christopher's shuttle visit to the Middle East in the middle of next month.

#### **U.S. Defense Secretary Les Aspin Visits ROK**

##### **Meets Defense Minister Kwon**

*OW0411123993 Beijing XINHUA in English 1014  
GMT 4 Nov 93*

[Text] Seoul, November 4 (XINHUA)—South Korea and the United States have agreed not to make any decision for the present on whether to hold the joint military exercise "Team Spirit" next year.

At a tete-a-tete here Thursday [4 November] morning between South Korean Defense Minister Kwon Yong-hae and his U.S. Counterpart Les Aspin, Seoul and Washington decided that they would make the decision on the "Team Spirit" exercise after watching signs of change in the nuclear policy of the Democratic People's Republic of Korea (DPRK).

Kwon and Aspin shared the view that "Team Spirit" is inevitable as long as the South Korea-U.S. Defense system exists, officials here said.

Aspin, who arrived here Wednesday, is to attend the 25th annual Security Consultative Meeting (SCM) of the two countries to be held in Seoul Thursday afternoon.

The officials said that South Korea and the U.S. will study the possibility of suspending the "Team Spirit" exercise if the DPRK returns to the Nuclear Nonproliferation Treaty (NPT), accepts International Atomic Energy Agency (IAEA) and inter-Korean inspections of its nuclear facilities and implements the inter-Korean declaration for a nuclear-free Korean peninsula.

The South Korea-U.S. joint military drill "Team Spirit" has been held annually from 1976, but was cancelled for the first time last year designed to contributing toward cultivating a favorable atmosphere for holding high-level political talks between Seoul and Pyongyang.

The two military allies, however, conducted the exercise this year mainly because of the deadlocked inter-Korean nuclear inspections.

##### **Meets Kim Yong-sam**

*OW0411123893 Beijing XINHUA in English 1022  
GMT 4 Nov 93*

[Text] Seoul, November 4 (XINHUA)—South Korean President Kim Yong-sam met Secretary of Defense Les Aspin of the United States here Thursday [4 November] and exchanged views with him on the security setup between the two countries and the nuclear issue of the Democratic People's Republic of Korea (DPRK).

During the meeting, Kim reiterated his government's firm position on the DPRK's nuclear problem and highly evaluated the South Korea-U.S. agreement to transfer peacetime operational control authority (OCA) to the South Korean military.

Seoul and Washington agreed here Wednesday that the OCA, which currently belongs to the commander of the Korea-U.S. Combined Forces Command (CFC), will be transferred to the South Korean side on December 1, 1994.

Under the agreement, the chairman of the Korean Joint Chiefs of Staff will exercise the OCA, with the result that the Korean military is to take initiatives and lead combined efforts to defend the Korean peninsula.

The agreement will be a turning point for the mutually supplementary partnership of the two countries in the future, President Kim said.

Aspin arrived here Wednesday to attend the 25th annual Security Consultative Meeting (SCM) of South Korea and the U.S. Thursday.

Kim said that the SCM is being held for the first time since new administrations were launched both in Seoul and Washington early this year. It is a good opportunity to reaffirm the traditional security cooperation and map out the direction for the future, he added.

The SCM has been held annually since 1968. The purpose of these meetings is for the two countries to review major

military policy to deter war on the Korean peninsula and strengthen the South Korea-U.S. combined defense posture.

**XINHUA: EC Summit Avoids 'Urgent Issues'**

*OW3010071493 Beijing XINHUA in English 0623  
GMT 30 Oct 93*

[By Kang Xinwen]

[Text] Brussels, October 30 (XINHUA)—A special summit of the European Community (EC) was held in Brussels on Friday [29 October] at a time when the recession is biting deeper and the unemployment rate among its members rising. But the bloc leaders hardly touched on these urgent issues.

After 10 exhausting hours the leaders of the 12-nation community finally worked out a joint declaration pledging to relaunch the European Union and reached agreement on the EC's budgetary procedures.

However, they only superficially discussed the recession, continued high unemployment, the crisis in the former Yugoslavia and simply put aside the problems of the Uruguay Round world trade talks, under the General Agreement on Tariffs and Trade (GATT), which are of major concern to most European people.

The EC nations have been in a severe recession since 1989 and there is little sign of recovery and the jobless situation is worsening. The average unemployment rate has reached 14 percent, a total of 17.7 million people without work.

Experts predict that even if the EC economy begins to recover next year, unemployment will not improve until 1996. And a recent opinion poll showed that 67 percent of Europeans believe that finding work is the main problem they will face over the next few years.

But the EC leaders have not looked into this issue, which is a major threat to European economic development and stability, in any depth.

Obviously, they have difficulties in resolving the situation but with the recession worsening and protectionism amongst individual members increasing, unemployment, once only seasonal, is now an integral part of the economic crisis.

Therefore, the social welfare structure, built up with years of effort, will be inevitably affected and that, in turn, will hurt the interests of the working people and result in more social instability.

But apart from the economic recession and unemployment, the crisis in former Yugoslavia is a huge international problem facing the European Community right on its front doorstep.

The civil war in that part of the world has been raging since 1991, killing hundreds of thousands of people and posing a serious threat to the security of EC nations. Large groups of

refugees from the region have fled into EC nations, disturbing the balance and tranquility of West European society while also imposing on it a massive economic burden.

A solution to the armed conflict in former Yugoslavia has become a pressing need for the community, as much as for anyone else. However, at the one-day summit, the leaders of the 12 EC nations did not even raise the matter of persuading the warring parties to stop fighting and reopen peace talks. The only topic raised was how to ensure the safe supply of humanitarian aid, and that was handled 'over lunch' by foreign ministers.

In fact, EC leaders do pay considerable attention to the former Yugoslavia issue, but often they have their own interests to pursue rather than look for a complete, overall solution. It is, therefore, difficult for EC members to coordinate or rationalize their different positions.

In these circumstances, if they cannot reach accord they would be far better advised to avoid it altogether.

This "principle" could also be seen in the summit's attitude towards the GATT talks.

The seven-year-old Uruguay Round of talks has severely curtailed the development of the world economy and hit trade. The EC is eager to wind up the talks next month in order that the community can be given a boost by improved trade relations established by the agreements. But there are still disputed points between Britain, Germany, the United States and France over agricultural products and cultural issues. They have resulted in numerous delays and further discussions on GATT were not even listed in the agenda of this summit.

Some sources say there is now little hope of the summit achieving its aims and that Europe seems to have lost its way. Belgian newspapers on October 28 described the talks as "empty" and said that without a powerful economic backup, a stable international situation and the full support of their citizens, they would do nothing towards the final construction of European union.

**G-7, Russian Foreign, Finance Ministers To Meet**

*OW3110032893 Beijing XINHUA in English 0308  
GMT 31 Oct 93*

[Text] Moscow, October 30 (XINHUA)—Foreign and finance ministers from the Group of Seven industrialized nations and Russia are expected to meet in Moscow by the end of this year to coordinate aid to Russia, officials here said today.

Visiting Deputy Japanese Foreign Minister Koitiro Matsuura, on behalf of the G-7 countries, discussed the issue with Russian Foreign Minister Andrey Kozyrev during their talks here today.

The foreign and finance ministers are expected to focus their discussions on how to carry out aid plans to Moscow promised by G-7 leaders during their Tokyo summit earlier this year, the officials said.

The Russians are disgruntled at the fact that most of the aid pledges made by the West remain on paper.

**XINHUA on Arab Boycott Against Israel**

*OW3010190893 Beijing XINHUA in English 1838  
GMT 30 Oct 93*

[Roundup by Huai Chengbo: "Israel Woos Arabs To Drop Boycott"]

[Text] Jerusalem, October 30 (XINHUA)—The prospect of a "New Middle East" looms large in the general euphoria brought about by the Israeli-PLO accord signed in Washington September 13. The first peace dividend, as most of the Israelis expect, will be the cancellation of the decades-long Arab boycott. However, it has turned out that the expectations are undue.

The Arab boycott is estimated to have cost Israel 22 billion U.S. dollars in lost exports and 18 billion dollars in lost investments, almost twice the country's foreign debt.

Two years ago, former U.S. Secretary of State James Baker assured Israel that in exchange for a freeze on Jewish settlements, the Gulf states would end the secondary boycott targeting at companies that do business with Israel. When the Labor government came to power, it virtually stopped the settlement drive. But the promised Arab quid pro quo never materialized.

During the Gulf war, the Saudis made conciliatory gestures on the issue of Arab boycott. The Saudi ambassador in Washington, Prince Bandar, hinted to the Jewish leadership that the end of Arab boycott was at hand. But the Bandar's veiled promises never came true.

The Israelis see the Israeli-PLO agreement as another opportunity to call for elimination of the boycott. The government, aware that economic hardships in the self-rule areas may not be conducive to peace and calm, has acted as the PLO's advocate, recommending international contributions for the new entity. It has gone as far as to send emissaries to persuade Saudi businessmen to help the PLO. Even wealthy Jewish contributors have been asked to invest in Palestinian projects.

Perhaps to the disappointment of the Israelis, the Palestinians and Saudi officials have said that the boycott is not an economic measure but a political weapon, which cannot be forfeited until Israel withdraws from "all occupied territories", including Gaza, the Golan Heights, the West Bank, southern Lebanon and above all Jerusalem.

Syria is not only opposed to lifting the boycott, but also calls for tightening its provisions to force Israel to withdraw from the Golan Heights. A meeting of the Arab League's Boycott Council will be held in Damascus.

With the blessings of the Rabin government, American Jewish leaders this month have toured some major Arab capitals, including Cairo, Amman and Jeddah, lobbying Arab leaders for their commitment to end the Arab boycott of Israel. None of the people whom the group met in these countries argued that the boycott is anything other than

anachronism, but they all preferred to wait until Israel works out a deal with the Syrians.

The U.S. has tried to persuade the Arabs to drop the boycott, but with little apparent result. Recently, several American legislators called for conditioning additional U.S. funding for the West Bank and Gaza on the lifting of the boycott. There is also some opposition in the Congress to Saudi Arabia's application to join the General Agreement on Tariffs and Trade (GATT) organization, pending Saudi movement away from the boycott.

Calls for an end of the Arab boycott have also come from the editor of the London-based Saudi weekly "AL-MAJALLAH", 'Abd-al-Rahman al-Rashid, who said in an article that "keeping the boycott in focus is meaningless now that we have recognized Israel and are engaging in a political process with it, especially in view of the widespread smuggling of Israeli goods into the Arab world."

**United States & Canada**

**Zou Jiahua, U.S. Entrepreneurs Discuss Ties**

*OW0311132493 Beijing XINHUA in English 1311  
GMT 3 Nov 93*

[Text] Beijing, November 3 (XINHUA)—Chinese Vice-Premier Zou Jiahua said here today that China places great importance on developing its relations with the United States.

He said this at a meeting with a group of U.S. industrialists and entrepreneurs including John Haggai, president of the Haggai Institute, and F. McCamish, president of the McCamish Group, at the state guesthouse here this afternoon.

Zou said that recently there has appeared "a good sign of the growth of bilateral relations." He said, "the most important evidence is that Chinese President Jiang Zemin will attend the informal meeting of APEC (the Asia-Pacific Economic Cooperation organization) leaders to be held in Seattle, at the invitation of U.S. President Bill Clinton, and will meet with him."

"We believe that this meeting is bound to push Sino-U.S. ties forward," he said.

Zou said that Sino-U.S. cooperation covers a wide range of issues. U.S. investment in China is already involved in the fields of energy, transportation and power.

"It is our view that constantly enhancing bilateral economic cooperation conforms to the fundamental interests of the two peoples," Zou said.

He stressed that such cooperation should be based on equality and mutual benefit as well as on long-term development.

Noting favorable conditions for bilateral cooperation, Zou said the U.S. has advanced technology, management experience and talented people while China is rich in natural and labor resources and has a degree of industrial technology and a huge market in particular.

Making full use of their advantages and conducting mutual cooperation will be beneficial not only to both, but also to world peace and development, he said.

McCamish said the McCamish Group is ready to become involved in China's economic construction and is also interested in investing in China's medium and small projects.

During the meeting, Zou also briefed the visitors on achievements that China has made in agriculture, infrastructure and other areas since initiating its reform and opening up.

### Beijing Hosts Seminar on Sino-U.S. Relations

OW0411121193 Beijing XINHUA in English 1135  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—A two-day seminar entitled "China-U.S. Relations Moving Toward the 21st Century" opened here today.

The seminar was jointly sponsored by the Center for Peace and Development Studies of the China Association for International Friendly Contact (CAIFC) and the Beijing Institute for International Studies (BIIS).

Some 50 personalities, experts and scholars attending the seminar included CAIFC President Huang Hua, President Han Xu of the Chinese People's Association for Friendship With Foreign Countries, and BIIS President Zhang Zhilian. They held discussions on the present situation and trends in the development of Sino-U.S. relations.

### Daily on U.S. 'Double Standard' on Arms Exports

HK0411014593 Beijing FAZHI RIBAO in Chinese  
27 Oct 93 p 4

[“Current Affairs Perspective” column by Lu Ai (6426 5337): “Who Is the World's Number One Arms Dealer?”]

[Text] Which country exports the most arms? The answer is the United States. Indisputable facts prove that the United States is the world's number one arms dealer, and the United States must admit it when faced with the incontrovertible evidence.

To track arms trade movements around the world, the United Nations requested its member countries to provide data on their own arms exports. A total of 80 countries handed in the data, including the United States, Germany, Britain, France, Russia, and China. These six countries account for 85 percent of the world's arms exports. A few days ago the United Nations announced the statistics on arms exports for 80 of its member countries. As the data published by the United Nations was supplied by the countries themselves, there is no question of it being imposed on any one country.

The data supplied by the United States shows that it ranks first in the global arms trade. Since 1990, the United States has exported \$81.5 billion worth of arms to 38 countries and regions. In 1992 alone, the United States made \$32.49 billion worth of arms deals worldwide. So far this year, the United States has received \$11.96 billion worth of arms

orders. Orders for the top four types of arms—tanks, armored vehicles, fighter planes, and attack helicopters—exceed those of all other countries. The United States currently accounts for over half of the world's arms trade. It is necessary to point out that the data supplied by the United States was not exhaustive, as it did not include several recent large arms deals, such as the sale of massive amounts of planes, tanks, and guided missiles to Saudi Arabia.

With the end of the Cold War, the world has entered a relatively peaceful—but far from tranquil—era. Some regions are still suffering tense circumstances and confrontation. Cashing in on the situation, the United States has been dumping arms in these regions, which is one of the main reasons why the United States has become the number one arms dealer. Over the last three to four years, the Middle East has purchased \$43.8 billion worth of arms from the United States—about half of the \$81.5 billion U.S. arms exports. War followed the disintegration of Yugoslavia, and the situation in the Balkan Peninsula has been tense. Although neighboring Greece and Turkey are not rich countries, over the last three years they have bought \$3.3 billion and \$4.1 billion of arms from the United States respectively. Without a doubt, the massive export of arms by the United States has aggravated the already tense situation there. In another development, Taiwan has become the largest buyer of U.S. arms, second only to Saudi Arabia. Of course, the United States is selling all these arms to Taiwan with the sole purpose of creating tension between the two shores. Making a fortune out of selling arms to disturbed areas has always been the philosophy of U.S. arms merchants.

After World War II, the United States and the Soviet Union were the two major competitors in the global arms market. Sometimes the Soviet Union was selling more, sometimes it was the United States. With the end of the Cold War, the Soviet Union ceased to be the United States' major competitor, and the United States dominated the international arms trade. This is another reason why it has become the number one arms dealer. Russia now ranks only fifth in arms exports, accounts for only five percent of arms deals, and is no match for the United States.

The United States, the world's largest arms dealer, claims that it is strengthening controls over weapons proliferation. On one hand, it actively supports and encourages its arms dealers to expand their overseas markets; on the other, the U.S. Government is interfering in the normal, low-volume arms trade of other countries, threatening them with “sanctions” at the slightest excuse. China is one of the countries that has been unreasonably accused by the United States in this way. In fact, China ranks even lower than Russia in arms exports. In the global arms trade, the United States is adopting a double standard, “allowing officials to set fires anywhere while forbidding the populace from even lighting up.” The U.S. Government should abandon this double standard and show some sincerity for solving the problem of weapons proliferation.

## XINHUA Notes U.S. Election Results

### White House Monitors Results

OW0311172693 Beijing XINHUA in English 1710  
GMT 3 Nov 93

[Text] Washington, November 3 (XINHUA)—U.S. Republicans' three major victories in Tuesday's [2 November] governor-mayor races in some major cities and states of the country do not spell trouble for President Clinton or his party, the White House said here this morning.

These victories amounted to the result of the clamor for change that put Clinton in office a year ago, White House communications director Mark Gearan told White House reporters.

Republican liberal nominee Rudolph Giuliani, a former federal prosecutor, last night defeated New York City's black Democrat David Dinkins.

The victory put the country's biggest city, where Democrats outnumber Republicans five to one, in the hands of the Republicans for the first time in about 25 years.

Republican George Allen made the Virginia governor by defeating Democrat candidate Mary Sue Terry yesterday and his winning ended 12 years of Democratic control of the statehouse.

In New Jersey, Republican challenger Christine Todd Whitman defeated Democrat James Florio, thus becoming the first woman governor of the state.

In June this year, Republican Richard Riordan was elected mayor in Los Angeles, the nation's second biggest city.

Leaders in both major parties are looking to the results Tuesday, the election day of the United States, to gauge the voter's mood, weighing the effect of Bill Clinton's presidency and his policies and mapping out strategies for the crucial congressional elections next year when all 435 seats in the U.S. House and 34 in the Senate will be on the line and 36 states will elect governors.

"I don't see anything in the elections results yesterday that can dissuade us or remove any ounce of our initiative for pushing forth on the kind of change-orientated agenda the President has laid out for the American people," Gearan said.

He called the elections largely "a vote for change," adding that Clinton has been working in the past nine months "to change the direction of the country."

The communications director said that there is nothing to suggest that the President's efforts for health care reform, the North American Free Trade Agreement or reinventing the government influenced the elections in New Jersey, New York City and Virginia where candidates Clinton supported were defeated.

Clinton, who stayed up past midnight monitoring the election results, is not disappointed with his political team at the White House or the Democratic National Committee,

Gearan said, but adding that "as we have a chance to digest some of the election results, we're always looking for ways to improve things."

Analysts say that reasons why U.S. voters used their ballots Tuesday to launch the most sweeping personnel changes in city halls and statehouses in the past three decades include the continuing nationwide job cuts, the slow recovery of the country's economy and their anger about the increasing crime across the nation.

Gearan acknowledged that there would be further study of the local election results yesterday to determine whether they will reflect on the mid-term elections in 1994 and Clinton's expected re-election campaign in 1996.

### President Clinton on Election

OW0311192193 Beijing XINHUA in English 1857  
GMT 3 Nov 93

[Text] Washington, November 3 (XINHUA)—U.S. President Bill Clinton asserted today that Republican sweeping victories in three major local elections Tuesday do not reflect a repudiation of him or his policies, but voters' desire for change.

"Voters are extremely discriminating, and they make their own judgments for their own reasons," the President said to reporters after speaking at a morning meeting with Democratic and Republican leaders on the North American Free Trade Agreement.

Senate Republican leader Bob Dole emerged from the meeting with Clinton declared: "It's a big, big defeat for the White House."

"What a difference a year makes," Dole said in an earlier speech on the Senate floor, adding "we can officially proclaim 1993 to be the year of Republicans."

In New Jersey yesterday, the election day of the United States, Republican Christie Whitman defeated Governor James Florio to become the first woman governor of the state in history. In New York City where Democrats outnumber Republicans five to one, Republican Rudolph Giuliani took a razor-thin victory in his rematch with Mayor David Dinkins, capturing the city hall from the Democrats for the first time in about 25 years. And in Virginia, Republican George Allen easily beat Democrat Mary Sue Terry for governor for the first time in 12 years.

President Clinton campaigned for all the three losers.

"I don't think you can draw too much conclusion from this," Clinton said, noting that many Democratic mayors and governors had not been re-elected.

Clinton, who stayed up past midnight monitoring the elections results, followed the government line that the elections reflect the clamor for change which put Clinton in office a year ago. He said that "the American people want change and they want results."

Earlier this morning, White House communications director Mark Gearan said that the Tuesday elections are

largely "a vote for change," and will not hurt Clinton's ability to pressure Congress to pass the North American Free Trade Agreement.

### 'Roundup' on HUD's Promotion of Home Ownership

OW0311173793 Beijing XINHUA in English 1714  
GMT 3 Nov 93

[Roundup by Wang Nan: "Through Buying a Home, Americans Invest in Future"]

[Text] Washington, November 3 (XINHUA)—For Roy Starkes and his wife Virginia, a home of their own represents more than the elements of assets, equity and appreciation. It is a piece of the American dream.

But for the couple who earn a modest 20,000 dollars a year working at a motel in Richmond, Virginia, two-hour-drive away from here, the dream did not come true until a few weeks ago when the government came for help.

They used to live in a private apartment, paying a rent of 600 dollars a month. Several years ago, to support the schooling of their learning-disabled son, they had to save and move.

The Starkes' life turned for the better this year when they bought a newly renovated home at a deep discount under a program for single-family home by the Housing and Urban Development Department (HUD).

Instead of paying 600 dollars a month in rent, they now have 450 dollars a month home mortgage payment for their home in a neighborhood they describe as "decent and safe".

Across the United States, nearly 400,000 low-income households like the Starkes have purchased their new homes this year under similar assistances from HUD. Their extra income are now used for a variety of family needs.

Driven by the lowest interest rates and mortgage rates in a generation, America's housing market has bottomed out. The Clinton administration, meanwhile, is taking its advantage to promote homeownership.

With economy in the dumps, the rate of homeownership in the country has been falling since 1980, after rising for the previous four decades. Equal housing opportunities were still a remote dream.

The government, said Housing Secretary Henry Cisneros, is now committed to "play more of a role in the future by expanding financing for homeownership and for fair housing and equal opportunity."

Homeownership is the only significant form of savings for most Americans. Through buying a home, homeowners increase their long-term wealth and build equity in an asset that has historically grown in value.

Housing, on the other hand, plays a key role in the nation's economic recovery. It accounts for 16 percent of the growth in real gross domestic product. For every 100,000 new homes built, statistics show, 170,000 jobs are created.

The government reported Tuesday that sales of single family homes increased 20.8 percent in September, the highest climb in seven years. The median sales price for a new home was 129,000 dollars.

Meanwhile, housing starts in September are 11 percent more than last year, total home sales climb by 12 percent, and 1.35 million housing starts are projected for 1993 which are expected to create two million jobs.

Behind the booming housing market are the interest rates, which have reached the lowest level in two decades - below seven percent - and are saving Americans millions of dollars when they buy a house or refinance a mortgage.

According to the estimate by the National Association of Realtors, each one percent decline in mortgage rates brings 375,000 new buyers into the U.S. housing market.

"Housing has been one of the more healthy sectors of the economy," said Kent Colton, vice president of the National Association of Home Builders. "The market is okay, but we have a great opportunity to do better."

According to George Knight, who heads the Neighborhood Reinvestment Corporation, home ownership not only provides economic lift for individuals, but can be deciding factor in the revitalization of a neighborhood.

"Housing activity," he said, "can reverse the cycle of decline in the distressed neighborhoods and create a climate that welcomes reinvestment."

As Housing Secretary Cisneros explained at a press conference on Monday, the initiatives of the government to promote housing production, affordable homeownership and equal opportunity relies mostly on public-private partnerships.

The aim is to attract more capital investment and financing to enable first-time buyers, new immigrants, minorities, women, and low- and moderate-income renters to afford buying a home.

With a new homeownership strategy to be announced this month, the Clinton administration is also addressing a long-time issue - the barriers to homeownership - to make sure that everyone has equal access to housing, lending and insurance markets free of prejudice.

"Housing discrimination is morally wrong. It is also economically wrong," Housing Secretary Cisneros told reporters. He promised that the government is moving aggressively to put an end to it.

Among the groups addressing the issue is the Mortgage Bankers Association of America (MBA), which describes its highest priority as to increase opportunities for minority home buyers.

"The time has come for all segments of the lending industry to work together to ensure that homeownership opportunities are fairly extended," said Stephen Ashley, MBA's president.

Speaking at MBA's 80th annual convention in Chicago last week, Ashley cautioned that although the era of finger-pointing has passed, "we must address discrimination head-on in whatever form it takes."

### Central Eurasia

#### Russian Defense Minister To Visit 8 Nov

HK0411113093 Hong Kong AFP in English 1112 GMT 4 Nov 93

[Text] Beijing, Nov 4 (AFP)—Russia's Defence Minister Pavel Grachev is to visit Beijing on Monday [8 November] to discuss active military cooperation with China, a diplomatic source said Thursday. The visit went unannounced at a weekly news conference Thursday by China's foreign affairs spokesman Wu Jianmin. "The Chinese do not like to give this type of visit too much publicity," sources said.

Grachev's visit is scheduled several days after that of U.S. Assistant Secretary of Defence for Regional Security Affairs Charles Freeman, who was in Beijing to renew dialogue between U.S. and Chinese military officials. U.S.-Sino military talks stalled following Beijing's brutal June 1989 military crackdown on pro-democracy activists.

#### Qian Qichen Meets Russian Tourism Officials

OW0411085193 Beijing XINHUA in English 0652 GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met here this morning with a Russian delegation of tourism officials headed by Sergey P. Shpilko, chairman of the Committee of the Russian Federation of Travel.

Shpilko, who arrived here Tuesday, and Liu Yi, president of the National Tourism Administration of China, signed an agreement of cooperation between China and Russia in tourism.

#### Beijing, Moscow Cooperate To Arrest Train Gangs

OW0211140093 Beijing China Radio International in Russian 1900 GMT 23 Oct 93

[Text] The PRC Ministry of Public Security reports that following thorough investigations, the Chinese public security authorities have recently uncovered four gangs committing robberies and rapes on Beijing-Moscow international trains, and in the Moscow area. Seventy-one criminals have been arrested, some of whom surrendered voluntarily. From February to May of this year, these four criminal gangs, composed mainly of Beijing hooligans, engaged in robberies and rapes on trains No. 3 and No. 4 running between Beijing and Moscow. Their actions seriously affected the reputation of Chinese international rail services. During the period of their activity, the gangs committed more than 140 offenses, including a rape on 10 March and a robbery incident on 26 May. The value of currency in dollars, rubles, yuan, and of various items stolen by the gangs has been assessed at more than 1 million yuan.

The majority of the criminals were going to Russia or travelling on to Hungary to trade, but went under the pretext of private study or invitation. Before leaving China some worked as taxi drivers and others owned restaurants, though they were mainly involved in trading in Russia. They also staged fights, gambled, led debauched lives with prostitutes, and, having spent their money, took to robbery.

Public order on international train services has been improved. There have been no offenses registered since June and passenger safety is now assured.

These incidents were uncovered by the public safety department of the Ministry of Railways, the city of Beijing, and the Beijing Department of Railways under the direct control of the Ministry of Public Security. During their investigations, members of the Chinese militia twice visited Moscow to question offenders detained by the Russian militia, and to visit their victims. During their work in Moscow, the Chinese militiamen received great support and assistance from the Russian militia. A high-ranking official of the PRC Ministry of Public Security said any person, regardless of where and when he commits the crime, will be punished.

### Northeast Asia

#### Li Lanqing Meets Japanese Banking Delegation

OW0411114093 Beijing XINHUA in English 1106 GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with a Japanese delegation consisting of 27 bankers headed by Toru Fujino, vice-president of Japan's Dai-Ichi Kangyo Bank Ltd.

During the meeting, Li briefed the visitors on the process of China's economic and financial reform and exchanged views with them on issues of economy, trade and finance.

This is the 18th annual visit to China by Japanese financial figures jointly sponsored by Japan's Federation of Bankers Association and the Japanese Association for the Promotion of International Trade.

The delegation members are from 21 Japanese banks. They arrived here yesterday on an eight-day goodwill visit to China as guests of the Bank of China.

#### Rong Yiren Meets Japanese Industrialists

OW0211093393 Beijing XINHUA in English 0852 GMT 2 Nov 93

[Text] Beijing, November 2 (XINHUA)—Chinese Vice-President Rong Yiren said here today that China will continue to move toward establishing a socialist market economy through a deepening of reforms and a wider opening to the rest of the world.

When meeting with a delegation of Japanese industrialists in the Great Hall of the People this morning, Rong said that China has made great achievements over the last 15 years.

The vice-president attributed these achievements to the implementation of the reform and open policies, designed by Deng Xiaoping based on the country's actual conditions.

"Such policies are in line with the national interests and, therefore, are supported nationwide," Rong said.

The 114-member delegation, headed by Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, is here to attend a seminar on Sino-Japanese economic cooperation.

Rong said China welcomes more Japanese industrialists and businessmen to come to China in search of new partners and to play a more active role in pushing forward bilateral economic cooperation.

Kosaku Inaba, on his first overseas trip since he became the chamber's chairman, said that he would try his best during his term to promote cooperation in the fields of industry and commerce between Japan and China.

#### NPC Official Meets Japanese Charitable Group

OW0311140493 Beijing XINHUA in English 1331  
GMT 3 Nov 93

[Text] Beijing, November 3 (XINHUA)—Wang Guangying, vice-chairman of the Standing Committee of the National People's Congress (NPC), held talks here today with a delegation from the Global Rainbow Ship, a Japanese charitable organization.

Also today, Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs, met the delegation, which had spent three busy days in Beijing.

During their meeting with Takeshi Gomi, general-director of the organization and head of the delegation, Wang and Liu briefed the visitors on the domestic conditions of charities.

The Global Rainbow Ship, consisting of leading Japanese politicians and entrepreneurs, is mainly engaged in supporting developing countries through providing disaster relief, helping disabled people and conducting cultural exchanges.

The 23-member delegation came here at the invitation of the Chinese People's Institute of Foreign Affairs.

#### CPPCC Delegation Leaves for DPRK

OW0411121093 Beijing XINHUA in English 1123  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—A delegation from the national committee of the Chinese People's Political Consultative Conference (CPPCC), left here this afternoon for Pyongyang on a friendly visit to the Democratic People's Republic of Korea (DPRK).

The eleven-member delegation, headed by Hong Xuezhi, vice-chairman of the CPPCC national committee, is to pay the visit at the invitation of the DPRK Democratic Front for the Reunification of the Fatherland.

#### DPRK Cancels Scheduled Meeting With ROK

OW0311164893 Beijing XINHUA in English 1458  
GMT 3 Nov 93

[Text] Pyongyang, November 3 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today canceled a scheduled meeting with South Korea set for Thursday [4 November] in protest at the South's recent threat of military action over their disputed nuclear issue.

The two sides were to hold their fourth working-level contact in 10 months at the border truce village of Panmunjom to discuss an exchange of high-level envoys and possible suspension of joint U.S.-South Korea military exercises, known as Team Spirit.

But South Korean Defense Minister Kwon Yong-hae said at a press conference Tuesday that Seoul would not hesitate to consider using military action over the matter of DPRK's development of nuclear weapons.

The head of DPRK's delegation Pak Yong-su sent a telephone message to the South's chief delegate Song Yong-tae today, declaring that "under the circumstances" the Pyongyang delegation would not be taking part in the scheduled meeting while South Korea is making a threat of "military countermove", the KOREAN CENTRAL NEWS AGENCY (KCNA) reported.

Meanwhile, DPRK's Vice-Minister of People's Armed Forces Kim Kwang-chin said in a statement today: "We are prepared for both dialogue and war. As the South Korean authorities have proclaimed potential military action against DPRK, it is inevitable that Pyongyang would have to answer them with force."

But Kim reiterated that DPRK "has no intention, and is not able, to develop nuclear arms."

At present, he said, DPRK and the United States were preparing their third round of talks and he stressed that the working contact between the North and the South will continue.

"We value these talks and hope that they will yield positive results," he added.

#### Latin America & Caribbean

##### Zou Jiahua Receives Argentine Economic Minister

OW0111161893 Beijing XINHUA in English 1449  
GMT 1 Nov 93

[Text] Beijing, November 1 (XINHUA)—Domingo Cavallo, visiting Argentine economics minister, said here today that his country will make efforts to resume its advantageous position in Argentine-Chinese trade.

Cavallo, who arrived here yesterday, told a press conference that the prospect of bilateral trade and economic cooperation was bright.

Besides continuing to export to China cereals, steel, wool and leather, Argentina also hopes to provide China with

industrial and infrastructure facilities and to help the country to upgrade traffic and energy equipment, he said.

Vice-Premier Zou Jiahua met with Cavallo today. The visitor also had meetings with high-ranking officials from China's State Economic and Trade Commission and the Ministry of Trade and Economic Cooperation (MOFTEC).

Chinese Customs Office figures show that in the first eight months of this year the bilateral trade volume totalled 200 million U.S. dollars.

For the first time, China's exports to Argentina exceeded imports from there. For many years previously, China had a trade deficit which altogether totalled 4 billion U.S. dollars.

An official from MOFTEC said that China still needs such Argentine products as cereals, steel and leather.

As long as Argentina's products were more competitive in terms of price, quality and payment conditions, it was possible to extend Argentina's exports to China, the official said.

#### **NPC Delegation Visits Brazilian Congressmen**

*OW2710024593 Beijing XINHUA Domestic Service in Chinese 0350 GMT 21 Oct 93*

[By reporter Zhao Xiaozhong (6392 2556 6988)]

[Text] Brasilia, 20 Oct (XINHUA)—Lucena, president of the Brazilian Senate, and Oliveira, president of the Chamber of Deputies, met a delegation from the National People's Congress [NPC] Foreign Affairs Committee, led by committee Vice Chairman Zhu Qizhen, at the Brazilian National Congress Building. The two parties held a friendly conversation.

Senate President Lucena pointed out that China is the most outstanding nation among the socialist countries and that China's reform and opening up in the economic field and the efforts made by the great Chinese people in developing their country have made a deep impression on him.

Chamber of Deputies President Oliveira stressed: China's current development speed has attracted worldwide attention. China has set an example for the whole world by solving the problem of feeding and clothing its 1 billion-odd population, as well as with the profound changes brought about by reform and opening up to the outside world. He said: Both Brazil and China are big powers in the Third World, and many mutually complementary factors exist between the two countries. Practical and flexible measures should be taken to further strengthen their cooperation in the aspects of economics and trade, science and technology and culture.

During the meeting, Zhu Qizhen conveyed NPC Standing Committee Chairman Qiao Shi's cordial regards to the presidents of the two houses of the Brazilian National Congress. At the same time, he also expressed the wish that contacts between the Chinese NPC and the Brazilian

National Congress will be strengthened and efforts will be made to promote cooperation between the two nations in various fields.

The Chinese NPC Foreign Affairs Committee delegation arrived in Rio de Janeiro on 16 October to begin a week-long visit in Brazil. The delegation will return home after meeting with responsible officers of the Latin-American Parliamentary Union in Sao Paulo.

Prior to visiting Brazil, the Chinese NPC Foreign Affairs Committee delegation had visited Chile, Uruguay, and Paraguay.

#### **New Handbook on Latin American Market Available**

*OW0111134103 Beijing XINHUA in English 1225 GMT 1 Nov 93*

[Text] Beijing, November 1 (XINHUA)—Chinese traders have gotten their first look at the Latin American market through a new handbook published here recently.

"A Guide Book to the Market of Latin America" is the first to help tackle the vast market, reflecting China's appetite to expand trade with the continent, said analysts.

The 400,000-character book, inscribed by Vice-Premier Li Lanqing, provides information on the economic situation, market characteristics, and investment environment of 46 countries and regions in Latin America.

China maintains trade and economic relations with those countries and regions and has signed inter-government trade pacts with 12 of them.

The book also proposes manners to break into the market in terms of foreign trade and economic cooperation.

"China has had trade ties with Latin America since the 16th century, but transactions have remained small for quite a long time," said Wang Zhiqian, the chief author of the book from the Ministry of Foreign Trade and Economic Cooperation. "That is why the book came so late."

However, trade jumped after China adopted the policy of reform and opening to the outside, when some Latin American countries vowed to smash trade barriers.

In 1979, Sino-Latin American trade volume exceeded one billion U.S. dollars for the first time in history. The sum came to 2.98 billion U.S. dollars last year, of which Chinese exports surpassed one billion U.S. dollars, a record.

In the January-September period of this year, trade flourished as China imported Latin American goods valued at 1.31 billion U.S. dollars and exported 1.18 billion dollars in goods produced here.

"Though geographically separated," Wang said, "China and Latin America have reciprocally-needed commodities to trade, and both have declared an open policy. They share the desire to expand trade."

Wang, 48, deputy-director of the Department of American and Oceanic Affairs, said that Sino-Latin American trade accounts for only a fraction of each side's total foreign trade volume. Trade deficits remain always on the Chinese side.

"China is willing to expand various forms of trade with countries and regions in Latin America based on the principles of equal benefit and mutual supply, so to push trade to a new high," Wang said.

## Political & Social

### Deng 'Selected Works' Volume Covers Several Themes

#### On Economic Issues, Development

OW0411075193 Beijing XINHUA in English 0723  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—The Third Volume of the *Selected Works of Deng Xiaoping* consists of 119 articles, and the majority touch on economic issues.

On economic development, Deng said in March 1983 that the present urgency is to race against time to complete those projects which are necessary. "A world war will not break out," he said. "Don't worry about taking a risk."

Deng stressed grasping the opportune moment to develop the economy. He pointed out that wherever conditions permit, the economy should develop as rapidly as possible. Low speed is equal to coming to a standstill or even retrogressing.

On the market economy, when meeting with foreign guests in October 1985, Deng said that as there is no fundamental contradiction between socialism and the market economy, the question is what means will develop the productive forces more forcefully. Practice has proved that to apply the planned economy only could fetter the development of the productive forces. "By bringing into play the innate features of socialism while adopting some capitalist methods we are aimed at accelerating the development of the productive forces," he said.

In February 1987, Deng Xiaoping clearly put forward the view that both planning and market economy are methods and either can be utilized so long as they are good for the development of the productive forces.

The planning and market economy are socialist if they serve socialism; they are capitalist if they serve capitalism, he said. "We followed the mode of the Soviet Union and practised the planning economy in the past. Later we said the planning economy was the main body. The saying no longer holds water now," he said.

In December 1990 Deng said it is necessary to understand theoretically that the distinction between capitalism and socialism does not lie with the question of whether it is planning or the market. "Don't think a smattering of the market economy means taking the capitalist road. Not at all. Both planning and market means must be in place," he said.

During an inspection tour of southern China in January and February 1992 Deng said planning and the market do not represent an essential distinction between capitalism and socialism. Planning does not equal socialism, as capitalist countries, too, have planning; nor does the market economy equal capitalism, as socialist countries also use market methods. Both planning and the market are economic tools. The essence of socialism is to emancipate and develop the productive forces, eliminate exploitation and polarization, and finally reach common prosperity.

In December 1986 he said that an important aspect of the reform is to use varied forms to separate ownership from operation rights so as to arouse the initiative of enterprises.

In June 1987, facing a dispute on the pace of the reform, he stressed that it is necessary to pay attention to steadiness. But it would be too bad if steadiness turned into standstill. As the principles, policies and steps for the economic restructuring have been determined already, the current issue is to accelerate the pace.

In September 1988 Deng said, "I'm for the reform while rectifying the economic order. But, by no means should the control of inflation and price hikes be allowed to hurt our reform and open policy, and make the economy wither. It is necessary to maintain the proper development speed." In March 1990 he called for paying special attention to any slowdown in the economic development speed. He pointed out that what really matters is whether the economy can avoid backsliding and whether a quadrupling of the 1980 GNP by the year 2000 can be realized.

During an inspection tour of Shanghai in early 1991 Deng encouraged the development of Pudong which, he said, concerns Shanghai's development and using Shanghai as a base for developing the Chang Jiang delta and the entire Chang Jiang valley.

He said, "Our party should advocate the reform and opening up for several decades to come and prove their correctness with facts. Irresolution in opening up is impermissible, as many barriers hinder us at present." He clearly stated, "We must further broaden our minds, be bolder in work and advance at a faster pace."

In August 1991 Deng pointed out: "Our economic development is advancing wave by wave, and a leap forward to a new level is conceivable in every few years. At present, a major (economic) transition is taking place in the world, and this is an opportunity for us. Only by insisting on reform and opening up can we grasp the opportunity to mount to a new level."

On the development of science and technology, Deng pointed out in 1988 that science and technology is a productive force of primary importance. It is necessary to have a good understanding of the importance of science and technology. He stressed that China must develop its own high-technology and have a role to play in the international field of high-technology.

#### On 'Third Generation' Leadership

OW0411090093 Beijing XINHUA in English 0823  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—In a talk with two leaders of the Central Committee of the Chinese Communist Party on May 31, 1989, Deng Xiaoping said that two things had to be done after the turmoil was brought to an end.

One was that the leading body had to be reshuffled. The new central leading group had to make the people feel that it had a completely new look and that it was a hopeful one that would carry out the reform, he said.

The second thing, he said, was that the government had to do several practical things with success to gain the trust from the people.

Deng said that the new leading body should be far-sighted and broad-minded, viewing all matters with long-term interest and the whole situation in mind, adding that this was the most basic demand for the third generation leaders.

This and other statements on the third generation leadership are included in the just-published Third Volume of *Selected Works of Deng Xiaoping*.

On June 16, 1989, at a meeting with several leaders of the Central Committee of the Chinese Communist Party, Deng pointed out that the core of the third-generation leading body was Jiang Zemin and that care should be taken in fostering and protecting the body and its core.

Deng said that the new leading body had to concentrate on doing several things to the satisfaction and joy of the people.

The first thing, he said, was that the economy should not slide down. He said that forceful measures had to be taken to ensure that the economy develop at a sustained and lasting speed and that a relatively satisfying speed of economic growth be achieved in the coming 11 years and a half.

The second thing, he said, was that the leading body should be bold in carrying out the reform and opening drive and in firmly grasping the anti-corruption issue. The determination to further open to the outside world should be made known to all and several things should be done to facilitate the reform and the opening drive.

In cracking down on corruption, he said, at least ten or twenty major cases should be handled. They should be made open to the public and treated as soon as possible. If corruption was not checked, especially within the upper levels of the party, there was a danger of failure.

He said that the leading body should grasp the reform and the opening drive with one hand and grasp anti-corruption with the other. If the two issues were combined, our policy would be more clear and win more trust from the people.

The last thing, he said, was that the turmoil had to be dealt with thoroughly. He said that only socialism could save China and only socialism could develop China. The turmoil served to make this point very clear, he said.

Deng also called for devotion to grasping party construction.

#### On 'Central Theme' of Building Socialism

OW041114293 Beijing XINHUA in English 1115  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—"Integrate the universal truth of Marxism with the concrete realities of China, take our own road and build socialism with Chinese characteristics"—this is the central theme of Deng Xiaoping's theory on socialism and the main thread that runs throughout the Third Volume of his *Selected Works* published on November 3.

This central slogan appears in the opening article of Volume Three of *Selected Works of Deng Xiaoping*, which is an

address to the opening of the 12th National Congress of the Communist Party of China on September 1, 1982.

In this speech, Deng Xiaoping said that the Third Plenary Session of the 11th Party Central Committee re-established the ideological line of seeking truth from facts and put forward new and correct policies, which include, first of all, the shifting of the emphasis of the party's work. From the Third Plenum of the 11th Party Central Committee to the opening of the 12th National Party Congress, "we have pioneered a new path, that is, to engage in construction single-mindedly."

Later, in his talk "Building Socialism With Chinese Characteristics" delivered on June 30, 1984, Deng Xiaoping gave a systematic exposition of his conception of building socialism with Chinese characteristics.

"China cannot go back to capitalism," he asserted. "It must build socialism." "We have reiterated time and again that we must adhere to Marxism and keep to the socialist road. That Marxism must be a Marxism that is integrated with China's actual conditions, and that socialism must be best suited to the Chinese realities and bear strong Chinese characteristics."

Marxism attaches the utmost importance to developing the productive forces, he said. "The superiority of socialism should, in the final analysis, be reflected in the fact that productive forces under socialism develop faster and higher than under capitalism, and the people's material and cultural life improves steadily on the basis of the developed productive forces. Socialism must eliminate poverty. Poverty should by no means be construed as socialism. The most fundamental task at the stage of socialism is to develop productive forces."

"Our political line is to take the four modernizations as the focal point and persist in the efforts to develop productive forces. Never for a moment should we let lose the grasp of this fundamental link. We have raised the point that we should go faster in our development and this requires the efforts to revitalize the economy internally and introduce the open policy externally."

In his talk to a seminar on economic cooperation between China and other countries on October 6, 1984, which is entitled "Our Grandiose Goal and Fundamental Policies" when it appears in the new volume of his works, Deng Xiaoping outlined China's development strategy.

"We have already set the political objective: To develop the economy and quadruple the gross national product by the end of this century so as to bring the per capita average up to 800 U.S. dollars and the people's living up to the comfortable level," he said.

"This objective means nothing for a developed country. But to China, it is ambitious and magnificent," he noted.

"What is more important," he continued, "we continue for another 30 to 50 years on this basis and get closer to the level of developed countries in the world."

The three-step development strategy—double the per capita gross national product to solve the problem of inadequate

food and clothing in the 1980s, redouble the per capita GNP to achieve a comfortable level of living in the 1990s and on this basis, quadruple the per capita GNP to reach the level of middle income developed countries by the middle of the next century—is a great strategic disposition by Deng Xiaoping in building socialism with Chinese characteristics. It is also a problem he is most concerned about. He repeated this on many occasions, each time expressing it more fully and more clearly.

"The Third Plenary Session of the 11th CPC Central Committee marked a real change in China," Deng Xiaoping said while meeting foreign guests on October 10, 1984.

"First of all, China solved the problem of rural policies, resulting in marked changes in the rural areas in a short span of three years," he said. "After the Third Plenary Session of the 12th CPC Central Committee, we began to shift the reforms to urban areas, unfolding the reforms in an all-round manner. The basic contents and basic experience in the reforms, either in the countryside or in cities, remain the same: to open up, to revitalize the economy internally and open further externally."

In another speech to a national science conference on March 7, 1985, Deng said, "While building socialism with Chinese characteristics, we must educate people across the whole country to foster lofty ideals, develop a high level of ethics and general knowledge and observe discipline. What is of particular importance is to foster lofty ideals and observe discipline."

He said, "What we are doing is to further the socialist cause, with the ultimate goal of realizing communism. The four modernizations we are building are socialist but not modernizations of other descriptions. All the policies we have adopted, including opening up, revitalizing the economy and economic reforms, aim at developing the socialist economy. The goal of socialism is common prosperity for all instead of polarization. Some people are worrying whether or not China will become capitalist. We must produce facts to relieve them of their worries and to answer those who are looking forward to our becoming capitalist. Persisting in the public ownership as the main body and in achieving common prosperity—these are the fundamental principles of socialism we must firmly adhere to."

During meetings with foreign guests in June and August, 1985, Deng Xiaoping said "The main task of building socialism is to develop the social productive forces. We shall adopt all the methods instrumental to the development of the social productive forces, including utilization of foreign capital and importing advanced technology. Our biggest experiment is the restructuring of the economy. We must act according to the law of value and the economic laws. If we do well, it is possible to lay a foundation for a sustainable, stable and harmonious development in the next 50 to 70 years."

He said: "All our reforms are designed to achieve one goal, that is, to remove obstacles to the development of the social productive forces and lift China out of the state of poverty

and backwardness. Our economic reform can be summed up as to revitalize the economy internally and open to the outside world externally."

He stressed that restructuring the economy is an inevitable road for developing the productive forces, adding that "while carrying out reforms, we must persist in the orientation of socialism. We must persist in making the public ownership as the main body and pay attention that it will not lead to polarization."

"Some decadent things of capitalism may appear concomitant of reforms, but our socialist policies and state machine have the power to overcome them."

Answering questions raised by foreign guests in September, 1986, Deng Xiaoping pointed out that developing production and achieving common prosperity are the socialist principles of socialism. By prosperity, we mean socialist prosperity, prosperity for all.

In his meetings with foreign guests in April and October, 1987, he said in building socialism we must proceed from the realities of our country and we see to it that the productive forces have been developed. "But to build socialism superior to capitalism, we must first of all shake off poverty," he added.

"Poverty does not belong to socialism and nor does too slow a development. The achievements in developing the productive forces belong to the people. We cannot copy indiscriminately the practices of the Western capitalist countries; nor should we copy the practices of other socialist countries; still less should we discard the superiorities of our system."

In May and June, 1988, Deng Xiaoping pointed out: "We must take a step further in reforms and opening to the outside world. We must be more liberated in our minds. We must go faster in our reform and opening up. The key to solving all problems in China lies in the development of the country itself."

He said that the purpose of deepening the reform is to prepare better conditions for future development. "We must have our eyes not only on this century, but also, or even more so, on the next century. The prospect we are facing is that we either forge ahead or beat a retreat. There is no way out if we retreat. We must become bolder. The key lies in two aspects: one is to consult with the people in what we do, set our foot firmly, take steady and proper steps and sum up experience timely; the other is to maintain a fairly good speed of development during the process of the reform."

In his speeches delivered during an inspection tour of southern China from January to February, 1992, Deng Xiaoping made a brilliant, profound and systematic exposition of the theory of building socialism with Chinese characteristics, pushing his theories onto a new height. These talks are included in the last and concluding article of the Third Volume of the *Selected Works of Deng Xiaoping*. It is regarded as the programmatic summation of the whole book.

**On Ideological, Cultural Work**

OW0411120093 Beijing XINHUA in English 1120  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—Ideological work and cultural development take up an important position in the Third Volume of the *Selected Works of Deng Xiaoping*, and quite a number of articles in the book are devoted to these two issues.

"While achieving material progress, China should also upgrade socialist ideological and cultural standards," said Deng in April 1983 when meeting foreign guests. "The most basic point is to imbue the people with communist ideals, integrity, knowledge and a strong sense of discipline."

He also said in October 1983 that it had become an urgent task for the whole party to strengthen its leadership on the ideological front and overcome the slack situation.

He reminded the whole party that after the work focus was shifted to economic construction, efforts should be made to study how to strengthen the party's ideological work to meet the needs of the new situation, and to avoid the tendency of being buried just in economic work and neglecting the ideological task."

Deng pointed out that no ideological contamination was allowed on the ideological front. The essence of ideological contamination was the spreading of various kinds of decadent ideas of the bourgeoisie and other exploiting classes, and the spreading of no-confidence sentiments toward the cause of socialism and communism and toward the leadership of the Communist Party.

"Damages from ideological contamination are very dangerous, enough to ruin the country and the people," Deng warned.

Deng stressed in his speech at the National Congress of the Communist Party of China in September 1985 that the whole party should pay attention to cultural and ideological development. Without cultural and ideological progress, material progress will suffer, and the path will become tortuous.

He called on all ideological, cultural, educational and medical departments to take social results as the sole criterion for all their activities. "They should produce more fine cultural and ideological works and resolutely check the production, import and spreading of bad works," he said.

In his speech at the meeting of the Standing Committee of the Politburo of the Central Committee in January 1986, Deng pointed out that firm efforts should be made to grasp ideological and cultural progress, and improve the work style of the party and social conduct.

"Such efforts should start from concrete cases and be made without a single day of relaxation," Deng stressed. "No matter who are involved, they should be handled according to the disciplines of the party and the law of the country without mercy," he stressed.

Two hands should be used in promoting the four socialist modernizations—one hand on construction and the other on improving the rule by law, according to Deng.

"If social ethics become decadent, what meaning does economic success has? One aspect will degenerate and this will in turn lead to the degeneration of the entire economy. If such a tendency grows, there will be a world of embezzlement, theft and bribery," Deng warned.

"Therefore, the four cardinal principles are indispensable, so is the dictatorship, and this dictatorship will ensure the smooth progress of our socialist modernization construction," he added.

Deng pointed out in 1985 that China was set to realize modernization, but liberalization should by no means be allowed, nor would China take the capitalist road of the Western World.

The Third Plenary Session of the Eleventh Central Committee of the Communist Party of China decided to adopt the open policy, and at the same time it demanded to check the spreading of liberalization. The two issues were interrelated, according to Deng.

"With bourgeois liberalization, our society will be in disorder, and no construction can be undertaken. And this is a key issue of principle to us," Deng stressed.

In September 1986, Deng also pointed out that to spread bourgeois liberalization was meant to lead China onto the capitalist road, and oppose our policies and system. If this ideological tide is stopped, its combination with many dirty things which inevitably would come in after opening to the outside world will produce a negative impact, which could not be ignored, to the country's four socialist modernizations.

He stressed that opposition to bourgeois liberalization should be upheld for 10 years and even 20 years.

Deng said in December 1986 that judging from their nature, student riots were a very big matter. It was the result of the obscure stand and hesitating attitude in fighting against the tide of bourgeois liberalization in recent years.

"We should resolutely uphold the four cardinal principles and fight against bourgeois liberalization," Deng said.

In several of his works in 1987, Deng explained the necessity to oppose bourgeois liberalization. He said that "Anything that opposes and hinders us from taking the socialist road should be removed, and the same should be done with all factors that will lead to disorder and even chaos in China."

"Tackling such problems will not change our principles and policies. The country's policies of opening up, reform and construction will only be implemented all the more firmly," Deng said.

In September 1989, he pointed out that two general party secretaries failed in their positions. That was because they committed mistakes with regard to upholding the four cardinal principles.

"The turmoil has taught us a big lesson," Deng said. "For years, some comrades buried themselves in concrete affairs, showing no concern for political tendency, neglecting ideological work, showing not enough alert over corrupt phenomena and not taking effective measures to overcome them. After the turmoil this time, people's minds have become clear."

In February and March 1989, Deng pointed out that of all the questions in China, stability was the overwhelming one. Without a stable environment, nothing could be achieved, and what had been already achieved would be lost again.

Deng said that China was at the stage under which full attention should be paid to developing the economy. If democracy was sought after only in form, democracy would not be achieved and economic growth would not be realized. It would only result in a chaotic state in the country, sapping people's will.

"What we want is to develop socialist democracy that can not be achieved in a hurried way. The Western type is not applicable either. Democracy is our goal but the country must maintain stability," Deng added.

The key to China's four modernizations, reform and opening drive was stability. Whatever that would disrupt stability should be opposed without hesitation. The formulation of laws should be sped up and law violations should be dealt with. One point should be made clear: No chaos would be allowed in China, according to Deng.

In the past decade, Deng recalled, China achieved remarkable progress. New mistakes were also made in the process of development. The biggest one was with education. Ideological work was weakened, and education had developed inadequately.

"The people, including members of the Communist Party, are not told to maintain the tradition of plain living and hard struggle under the situation that the economy has developed remarkably and people's living standards improved. Only when this tradition is maintained can corruption be resisted," Deng said.

"That's why ideological work should be strengthened, plain living and hard struggle advocated. This is an experience China has obtained in the decades of construction," Deng said.

#### On Hong Kong Issue

OW0411120693 Beijing XINHUA in English 1154  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—The Third Volume of the *Selected Works of Deng Xiaoping* includes a number of Deng's talks on Hong Kong issue. The following is the gist of Deng's remarks.

Deng Xiaoping said that China's policy toward Hong Kong would remain unchanged and no one could change it. If anything needed change, it would be a change of turning for the better, benefiting Hong Kong's prosperity and development rather than hurting Hong Kong people's interests.

Deng made the remark to end the misgivings of some people in Hong Kong about the change (of policy), the intervention and disturbances when he met with Hong Kong and Macao guests in October 1984.

Deng told the Hong Kong and Macao guests, "Don't talk about worries of change indiscriminately. Directing Hong Kong to the more healthy track is also a change which Hong Kong people will welcome. Don't worry about intervention indiscriminately either as some interventions are necessary. It is necessary to distinguish whether the interventions benefit or hurt Hong Kong's prosperity and stability. Don't think that there is no sabotage force. The central government will make interventions if disturbances would break out there."

He severely pointed out that there would be some factors of disturbance, sabotage and instability. Such factors would not come from Beijing. But, they could not be excluded from the internal of Hong Kong [as received] neither be excluded from a certain kind of the international force.

Deng illustrated the basic position of the Chinese Government on the Hong Kong issue when he met with British Prime Minister Margaret Thatcher on September 24, 1982.

Deng pointed out that there were three major issues involved. One was the issue of sovereignty. Another was the way in which China will administer Hong Kong so as to maintain its prosperity after 1997. And still another was the need for the Chinese and British Governments to hold appropriate discussions on ways to avoid major disturbances in Hong Kong during the 15 years between now and 1997.

He stressed that on the question of sovereignty, China had no room for negotiation: China would take over Hong Kong in 1997. Maintaining prosperity in Hong Kong depends essentially on applying appropriate policies under Chinese administration after the takeover. Hong Kong will continue to be run under the capitalist system.

Deng also said if serious disturbances would occur in Hong Kong during the transition period of 15 years, the Chinese Government would then be compelled to reconsider the timing and manner of the takeover. Deng's talk which has been published recently was the most important article setting the keynote for the negotiations on Hong Kong issue and still has important realistic significance.

When meeting with visiting Hong Kong public figures and noted businessmen in June 1984, Deng said that the position, principle and policy of the Chinese Government toward Hong Kong would be firm and constant. "Our policy is to practice 'one country, two systems.' We believe that the Chinese people in Hong Kong can successfully administer Hong Kong," he said.

He pointed out that the patriots must be the main body among those who would administer Hong Kong. The standards for the patriots were respecting their own nation, sincerely supporting the motherland to resume the sovereignty over Hong Kong and not hurting Hong Kong's prosperity and stability. During the transition period, he hopes, first, no big disturbances nor severe setback would

take place so as to maintain Hong Kong's prosperity and stability. Second, conditions should be created for Hong Kong people to take over the government smoothly.

When meeting with British Foreign Secretary Jeffery Howe on July 31, 1984, Deng expressed the hope that during the transition period, such cases would not happen as shaking the position of Hong Kong dollar, increasing the staff workers, or raising wages or pensions at will by the British Hong Kong Government, the British Hong Kong Government unilaterally organizing an administrative body and imposing it on the future Hong Kong Special Administrative Region and the British firms taking the lead in fund outflow.

"We hope that no problem will arise during the transition period. But, (we) must be ready to deal with the problems arising independent from man's will."

In April 1987, Deng Xiaoping said the Chinese Government policy toward Hong Kong would remain unchanged for 50 years after Hong Kong returns to the motherland in 1997 and it would be unnecessary for a change after the 50 years.

He stressed that another aspect would remain unchanged, that is, the main body of the country would persist in socialist system and in the four cardinal principles. "When speaking of unchanging, we should stress that both aspects will remain unchanged," he said.

#### On International Events, Foreign Policy

OW0411140293 Beijing XINHUA in English 1341  
GMT 4 Nov 93

[Text] Beijing, November 4 (XINHUA)—The Third Volume of the *Selected Works of Deng Xiaoping* collects Deng's important views on the international situation and China's foreign policy, which Deng expounded between 1982 and 1992.

Many of his analyses have been published for the first time in this volume.

In a speech made in March 1985, Deng pointed out that peace and development are two important problems in the world; the former is between East and West, the latter between North and South.

To sum up, they are problems of East and West, North and South, with the South-North problem being the core. If the Third World, which accounts for about three quarters of the world population, does not develop adequately and remains in a state of poverty, the development of the developed nations will be cast in doubt.

At an enlarged meeting of the Central Military Commission in June the same year, Deng systematically elaborated changes in China's judgement of the international situation and foreign policy. He pointed out that an increase of the forces of peace in the world was over those of war, and concluded that over a relatively long period of time, the possibility exists that a large-scale world war will not break out. He said China implements an independent foreign policy, opposes hegemonism and safeguards world peace.

He said: "China doesn't view any other country as a card to play, and doesn't allow anyone to play the China card."

In a speech in 1986, Deng said: "If China, with a population of one billion, doesn't stick to its peace policy or doesn't oppose hegemonism, or if China seeks hegemonism along with economic development, it would create suffering for the world and a historic retrogression."

Concerning the issue of establishing a new international order, Deng pointed out in a talk in 1988 that the overall world situation was changing and that all countries were considering formulating new policies to establish a new international order. Hegemonism, bloc politics or pact organizations lead nowhere, Deng said, and the new international order should be established in accordance with the five principles of peaceful co-existence. He said that the problem of development should be observed and solved from a mankind perspective.

On another occasion, he said that reviewing the practice of international relations, the above-mentioned five principles proved to have the greatest vitality.

He said these principles can be applied further to settle internal problems within a country, adding that to realize China's reunification by implementing the principle of "one country, two systems" is another kind of peaceful co-existence.

In September 1989, Deng summed up China's strategy to deal with the international situation: observe sober-mindedly, hold our ground firmly, and handle the situation calmly.

"To be sober, sober and more sober, and quietly immerse ourselves in hard work, we should do a good job on our own business," he said.

He pointed out in November the same year that another two Cold Wars had begun following the end of the last Cold War: one is directed against the Third World as a whole, and another against socialism.

The Western countries were fighting the third world war without the smoke of gunpowder, hoping the socialist countries can be evolved peacefully.

He held that China's adherence to socialism will not change. The strategy of one central task, two basic points, put forward at the Thirteenth Congress of the Chinese Communist Party (CPC), will never change.

No threat can intimidate us, Deng said. Those who intend to interfere in our affairs and intimidate us will not succeed. As long as socialism in China does not fail, socialism can stand steadfastly in the world.

In the context of the West imposing sanctions against China and interfering in China's internal affairs in the aftermath of the Chinese Government's quelling the 1989 turmoil and riots, Deng said in meetings with foreign guests in October 1989 and in 1990 that China, with its broad mass support, will not be defeated. China is the country in the world that

least fears isolation, blockades or sanctions. Foreign invasions or threats will serve only to intensify China's solidarity, patriotism, and love for the CPC, and make us more clear-headed. Sanctions against China by some Western countries was futile, he said, China will not collapse. To the contrary, it will further develop.

He pointed out that China will never endorse foreign interference into China's internal affairs. China's social system was chosen in accordance with China's realities and gained the wide support of the people. Deng said, stressing that it is impossible to ask all countries to copy the models of the United States, Britain or France.

In his works during the period, Deng stressed the importance of economic development in foreign affairs.

He said that to gain a fairly high speed of development was crucial to China's standing up to the pressures of hegemonism and power politics and adhering to the socialist system.

Meanwhile, he also emphasized the importance of stability.

He said that turbulence in 1989 taught us a lesson that we should always put the state's sovereignty and security above everything else.

He stressed that if China wants to realize its objectives of development, the necessary conditions are a stable domestic situation and peaceful international situation. He also warned that if turbulence took place in China, civil war would break out. As a result, hundreds of millions of refugees would flee the country, which would bring suffering to the world.

He reminded other countries to form its policy toward China carefully.

In some of his works, Deng talked about Sino-U.S. relations.

In 1986, he said that the main obstacle in Sino-U.S. ties was the Taiwan problem, namely "the problem of reunification of the two sides of the Taiwan Straits."

In October 1989, he said the United States should take positive steps to end the severe problems in Sino-U.S. relations—it was impossible for China to ask for favors.

If China didn't respect itself, it could not stand firmly, he said.

He said on another occasion that though there are disputes and various problems between the two countries, Sino-U.S. relations should become better in the end.

### Papers Comment on Publication of Deng Volume

#### Daily Carries Editorial on Work

CM0311141093 Beijing RENMIN RIBAO in Chinese  
3 Nov 93 p 1

[RENMIN RIBAO 3 November editorial: "Brilliant Banner, Scientific Guidance—Warmly Greeting the Publication of Volume 3 of the *Selected Works of Deng Xiaoping*"]

[Text] The whole party, the whole army, and the people of all nationalities across the country have joyfully ushered in the publication and sale of Volume 3 of *Selected Works of Deng Xiaoping*. The Party Central Committee has made a "Decision on Studying Volume 3 of the *Selected Works of Deng Xiaoping*" and held a grand report meeting, and Comrade Jiang Zemin delivered an important speech. The publication and sale of Volume 3 of the *Selected Works of Deng Xiaoping* have provided the best teaching materials and the most effective weapon for us to carry out further the strategic task of arming the whole party with Deng Xiaoping's theory on building socialism with Chinese characteristics—a task put forward by the 14th party national congress—and to unify the thinking of the whole party and educate the cadres and the people. The book will certainly yield an important and far-reaching impact on accelerating reform and opening up; on bringing about a sustained, rapid, and healthy development [chi xu kuai su jian kang di fa zhan 2170 4958 1816 6643 0256 1660 0966 4099 1455] of the national economy; and on ensuring success in building the two civilizations and in party building.

Great revolutionary practice needs great revolutionary theory, and great revolutionary theory directs great revolutionary practice. To build, consolidate, and develop socialism in China—a country with a comparatively backward economy and culture—is an unprecedented, brand new undertaking which calls for new theoretical creation. During the new historical period after the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has summed up our country's experience of successes and lessons of setbacks in socialist construction, and he has also drawn on the experience and lessons of other countries in the rise and decline of socialism. During the course of leading the people of our country in carrying out reform, opening up, and socialist modernization, he has inherited and developed Mao Zedong Thought, created the theory on building socialism with Chinese characteristics, and achieved another historic leap in integrating Marxism with China's realities. Both our past experience and present experience have repeatedly shown that upholding Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics is none other than truly upholding and developing Marxism-Leninism-Mao Zedong Thought [jian chi deng xiao ping tong zhi you zhong guo te se shi hui zhu yi de li lun, jiu shi zhen zheng jian chi he fa zhen ma ke si lie ning zhu yi mao ze dong si xiang 1017 2170 6772 1420 1627 0681 1807 2589 0022 0948 3676 5331 4357 2585 0031 5030 4104 3810 6158, 1432 2508 4176 2973 1017 2170 0735 4099 2182 7456 0344 1835 0441 1337 0031 5030 3029 3419 2639 1835 1927]. Just as the decision on making Mao Zedong Thought the party's guiding ideology had enabled Chinese revolution to progress with an irresistible force and quickly end in victory, the proposal of the 14th party national congress on arming the whole party with Deng Xiaoping's theory on building a socialism with Chinese characteristics will also certainly enable our country's reform, opening up, and socialist modernization to advance triumphantly toward their great objectives.

Comrade Deng Xiaoping is the chief architect [zong she ji shi 4920 6080 6060 1597] of China's socialist reform,

opening up, and modernization and the creator [chuang li zhe 0482 4530 5074] of the theory on building socialism with Chinese characteristics—the Marxism of contemporary China. The newly published Volume 3 of the *Selected Works of Deng Xiaoping* contains Comrade Deng Xiaoping's major works during the period from the 12th party national congress, which put forward in a clear-cut way the topic of building socialism with Chinese characteristics, to his 1992 southern China inspection tour during which he delivered an important talk. Volume 3 and Volume 2, which was published 10 years ago, display a whole historical picture of the gradual creation of the theory on building socialism with Chinese characteristics as a system, and they show in a concentrated way the quintessence of the Marxism of contemporary China [ji zhong ti xian liao dang dai zhong guo ma ke si zhu yi de jing hua 7162 0022 7555 3807 0055 3981 0108 0022 0948 7456 0344 1835 0441 1337 4104 4737 5478]. The theory is a brilliant banner under which the Communist Party of China leads the people in creating a new situation of the socialist cause, and it is a scientific guidance for our triumphant advance.

From now on, all levels of party organizations across the nation should, in line with the decision of the CPC Central Committee and with the spirit of Comrade Jiang Zemin's remarks, give priority to [bai zai zhu yao di wei 2369 0961 0031 6008 0966 0143] the study of Volume 3 of the *Selected Works of Deng Xiaoping* as part of the party's ideological building and cadres' theoretical education and make meticulous study arrangements and proceed with earnest implementation in the studying of the works. Leading cadres at county (regiment) level or above, senior cadres in particular, must take the lead in the studying and in the application of the works and in setting in motion the theoretical study in the whole party.

It is necessary to fully comprehend the strategic thinking and theoretical concepts of building socialism with Chinese characteristics when studying Volume 3 of the *Selected Works of Deng Xiaoping*. The present volume of the selected works contains new thinking and new concepts; is characterized by the spirit of the era and by the national spirit; and is based on the latest practice in the comprehensive reform, opening up, and socialist modernization construction. It is necessary to closely integrate the studying of the selected works with the situation and with the tasks at hand and to pay close attention to grasping the quintessence of the works, namely, the ideological line of emancipating the mind and seeking truth from facts; to understanding the theme of the selected works, that is, to adhere to the socialist path with Chinese characteristics and adhere to the basic line of "one central task and two basic points" after we understand well what socialism is and how to build it; to recognizing the strategic goal as emphasized in the entire works, namely, "take the three-step approach" to realize the modernization plan and build a rich, strong, democratic, civilized, and modern socialist country; to understanding the basic policy which has been repeatedly expounded throughout the works, namely, the need to vigorously promote both the socialist material and spiritual civilization; and to grasping the essence of the overflowing spirit of

patriotism in the works, namely, maintain the state's independence and sovereignty, develop national self-esteem and self-confidence, and revitalize and develop our great Chinese nation.

When studying Volume 3 of the *Selected Works of Deng Xiaoping*, it is necessary to seriously study Comrade Deng Xiaoping's scientific attitude of using a Marxist standpoint, views, and methods to study new situation and to solve new problems and his creative spirit and revolutionary style. Comrade Deng Xiaoping stressed carrying out the party's basic line of "one central task, two basic points" for 100 years. He emphasized using the world view and methodology of dialectical materialism and historical materialism to analyze and solve problems. He respects practice and the masses. He is broad-minded. He perceptively views the overall situation. He has a sharp thinking. He is courageous and resourceful. He is bold to renovate. And he also shows a pioneering and enterprising spirit. An earnest study of Comrade Deng Xiaoping's stand, views, methods, and style will greatly raise our party's administrative and leading levels and greatly promote reform and opening up and accelerate the process of socialist modernization construction.

The importance of studying revolutionary theories lies in applying them and using them to guide actions. We must vigorously promote the Marxist style of studying in studying Volume 3 of the *Selected Works of Deng Xiaoping*. It is necessary to concentrate efforts on reading and studying the original works, on achieving a full understanding of the works, and on grasping the essence of the works. It is necessary to concentrate on linking theory with practice; on closely integrating the study of the works with economic construction, with the building of spiritual civilization and the party, and with the current situation and tasks; and on enhancing our ability to analyze and solve problems. It is also necessary to concentrate on unifying thinking, on summing up experiences gained since the implementation of the policy of reform and opening up, and on integrating ideological reality with practical work. We should sum up experience and lessons and clear up confused thinking so that we can strengthen our unity and unification on the basis of the party's basic theory and line and increase our party's cohesiveness and combat capability.

History has proved and will again prove that our party is a party that is good at creating theories and is good at correctly using theories to guide practice and to advance human progress. It is our strong belief that the in-depth study of Volume 3 of the *Selected Works of Deng Xiaoping* will surely and greatly boost the strong faith of comrades in the whole party in party's basic theories. We also believe that they will, under the leadership of the CPC Central Committee with Comrade Jiang Zemin at its core, unite with all the nationalities in the nation to realize the heavy historical task thrust upon us by the era with great enthusiasm, constantly create new phases, scale new heights, score new victories, and march toward the 21st century with full confidence.

**Commentary Hails Book**

HK0411073493 Beijing CHINA DAILY in English  
4 Nov 93 p 4

[CHINA DAILY Commentary: "A Scientific Guide"]

[Text] Volume Three of the *Selected Works of Deng Xiaoping* was first made available to the public on Tuesday.

At a meeting held on the same day by the Central Committee of the Chinese Communist Party to mark the occasion, Party leader Jiang Zemin stressed the importance of the book as a scientific guide to China's reform and called upon all Party members, particularly those in higher posts, to study it.

The book is a collection of 119 important written or spoken statements by Deng on various aspects of State affairs from September 1982 through February 1992—the decade when reforms were in full swing across China.

To build socialism in China, a country with over a billion people and a very weak economic foundation, is a colossal task unprecedented in human history.

Summing up China's experiences in the past 30 years and those of other socialist countries, Deng first put forth the theory of building socialism with Chinese characteristics in 1982.

The core of this theory, according to Deng, is to "emancipate our minds and seek truth from facts."

On this basis the Party's basic line with economic construction as its central task and a series of relevant policies have been worked out and put into practice.

The fast growth of the national economy, the tremendous changes China has undergone and the markedly improved living standards in the last decade have all borne out the correctness of Deng's theory.

Meanwhile, the past decade has seen the enrichment and development of Deng's theory of building socialism with Chinese characteristics, which Deng calls China's second revolution.

Volume Three of the *Selected Works of Deng Xiaoping* not only contains the speech in which Deng first put forward the concept of building socialism with Chinese characteristics but also all his theories based on this basic concept as they have evolved over the past 10 years. The book, in fact, shows the gradual formation of a theoretical system of building socialism with Chinese characteristics.

In one article, Deng urges the Party to adhere to its current basic line for 100 years without wavering. He also calls upon the Party to seize the present favourable opportunity offered by the world situation to accelerate the reforms and accomplish the modernization programme.

Against the background of China's great achievements in the last decade, it can be said with confidence that so long as we keep to Deng's line, China will develop in the future as fast as, if not faster than, it did in the last decade. A

modernized China that is prosperous, strong and democratic, will surely rise in the East in the first half of the next century.

China's efforts to build socialism with Chinese characteristics is a courageous attempt for a nation burdened with many liabilities. Guided by Deng's theory, China has made progress that the whole world has acknowledged. Its further progress will surely contribute more to world peace and prosperity. And its experiences will be of interest to other developing countries.

**Correction to Item on Jiang Zemin Speech**

WA0411185093

The following correction pertains to the item subheaded "Jiang Zemin Speech," published in the Political & Social section of the 3 November China DAILY REPORT, pages 16-21:

Page 17, column two, partial paragraph at top of column, second sentence, make read: many previously published works have also been supplemented with new contents on the basis of the records at that time [yi qian fa biao guo de ye you xu duo gen ju dang shi de ji lu zeng bu hao xin de nei rong 0110 0467 4099 5903 6665 4104 0048 2589 6079 1122 2704 2207 3981 2514 4104 6068 6922 1073 5943 0055 2450 4104 0355 1369]. The decade that began.... (changing wording; providing vernacular and STC's)

Same paragraph, from the end of the seventh sentence, make read: ...with Chinese characteristics. It is established on the basis of the brand new practices of the party and the people [ta li zu de ji chu shi dang he ren min de zhan xin shi jian 1338 4539 6398 4104 1015 4342 2508 8093 0735 0086 3046 4104 1535 2450 1395 6432], and its shining value.... (changing wording; providing vernacular and STC's)

Page 19, column two, first full paragraph, second sentence, make read: ...socialist reform, opening up, and modernization [formulation as received; note dropping of word "socialist" before "modernization"] and the creator....(expanding editorial notation).

**Correction to CPC Decision on Deng's Work**

WA0411174393

The following correction pertains to the item headlined "Central Committee Decision on Studying Deng's Work," published in the Political & Social section of the 3 November China DAILY REPORT, pages 21-22:

Page 21, column two, second paragraph of column, excluding partial paragraph at top of column, first sentence, make read: ...our cadres' theoretical education, we must give priority to [bai zai zhu yao di wei 2369 0961 0031 6008 0966 0143] the study of Volume 3.... (correcting "give top priority to" to "give priority to"; providing vernacular and STC's)

**Deng Xiaoping Said Criticizing 'Whateverists'**

HK0411035093 Hong Kong CHENG MING in Chinese  
No 193, 1 Nov 93 pp 6-8

[Notes on a Northern Journey" by staff reporter Lo Ping (5012 0393); "Deng Xiaoping Bombs Whateverists"]

[Text] "Deng Xiaoping is attacking the 'whateverists' again."

This is being talked of in private among well-informed journalists.

Fifteen years ago, members of the whateverist faction who put forward the idea of the "two whatever's" ("we resolutely support whatever decision Chairman Mao makes and steadfastly follow whatever instructions Chairman Mao issues") were attacked by Deng Xiaoping and his followers. This happened during the Third Plenary Session of the 11th CPC Central Committee in December 1978. Less than two years after that, in November 1980, Hua Guofeng, the leader of the whateverist faction and the then CPC chairman, was forced to step down during a Political Bureau meeting. This faction has now almost completely disappeared. Why has another round of "attack" been launched "against the whateverists" today?

#### **"Some People Are Trying To Rehabilitate the 'Whateverist Faction,' Which Is a Form of Interference"**

The following is a factual account of this event:

In mid-September, Deng Xiaoping met with the members of the Political Bureau Standing Committee and some veteran cadres on separate occasions. Deng raised the question concerning the "whateverist faction" during both unofficial meetings. When meeting with the members of the Political Bureau Standing Committee, he mentioned two points: "The political, economic, and social situation now is good. However, we still have to seize the opportunity to strive for economic development because economic development is the last word, after all. The purpose of the anticorruption drive is to do away with obstacles, to remove stumbling blocks. We have not deviated from the correct line, we are not advancing in the wrong direction, neither are our policies causing chaos so we need not hesitate at all before any criticisms or reproaches. We are facing interferences from outside our party which, I think, will not stop. Anyway, we must continue to concentrate our efforts on our affairs. Are we facing any interference from within the party? For this we need to watch out. Some people are trying to rehabilitate the "whateverist faction." What they are doing is wrong and it does cause interference. We should resist any attempt to rehabilitate the 'whateverist' faction under any pretext. Any attempt to interfere and affect the party's central task, to disrupt the party's ideological work, and to spread ideological confusion among the public must be checked in good time."

These remarks by Deng Xiaoping were first disclosed by Hu Jintao during a meeting of the party Secretariat on 20 September.

In mid-September, when feting some veteran cadres at Jingxi Guesthouse, Deng Xiaoping made more remarks raising two issues: "We people who have retired must pay attention to one thing—we should do our best to pave the way for them (denoting the party's central authorities with Jiang Zemin as the core), let them play a greater role and establish prestige within all the party and the Army and among all the people across the country. We should never

impose any restraint on them either by words or deeds. That is a requirement we must fulfill to uphold moral integrity during our later years. We must be aware of the move by some people who are promoting their doctrines and giving publicity to their views. Never should they be allowed to rehabilitate the 'whateverist faction' under such camouflage. As far as this is concerned, the central authorities have already adopted a resolution. How can this resolution be revised or reversed? What they are doing is a form of interference."

Wan Li, Yang Dezhi, Li Desheng, and some others had aired similar views in advance.

Deng Xiaoping's remarks are really meant as criticism of a certain trend. What then has actually happened?

#### **Some People Are Attempting To Oppose the Present Line on the Occasion of the 100th Anniversary of Mao's Birthday**

Again, journalists revealed the inside story. In early August, the CPC Central Committee Propaganda Department and Secretariat received more than 20 theses, written by members of the former Central Advisory Commission and by other writers from nine provinces and two autonomous regions, praising Mao Zedong's great contributions and magnificent achievements and preaching Mao Zedong Thought. Almost at the same time, since early September, RENMIN RIBAO, GUANGMING RIBAO, JIEFANGJUN BAO, and the magazine QIUSHI have received nearly 100 articles preaching Mao Zedong Thought, all with the same theme and the same keynote. This has drawn the attention of the CPC Central Committee Secretariat. Because of this, Ding Guangen wrote a note: Please remind members of the Political Bureau Standing Committee—Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huqing, and Hu Jintao—of this case and request them to consider the issue and give instructions. Also, please report this case to Comrades Xiaoping and Chen Yun, Peng Zhen, Yang Shangkun, Bo Yibo, Wan Li, Song Ping, and Yao Yilin, and request them to examine the case and also give instructions. As I see it, some people must be launching a propaganda campaign to express their objection to, or disagreement with, the present line and policies on the occasion of the anniversary of Mao Zedong's death (9 September) and the 100th anniversary of Mao Zedong's birthday (26 December 1993).

#### **Moves By Hua Guofeng and Wang Dongxing Have Attracted Attention of Central Authorities**

Moves by Hua Guofeng and some other people during this period have also drawn the Central Committee Secretariat's attention.

It is said that Hua Guofeng, Wang Dongxing, Song Renqiong, Deng Liqun, Chen Xilian, and Wu De have been quite active since this summer. Hua Guofeng went to Hunan and visited Shaoshan, Mao Zedong's home village. He said it was his 10th visit to Shaoshan and, before he left there, he wrote an inscription which reads "Always be Chairman Mao's student and a genuine Communist Party member." He also wrote an article entitled "Utterly Cherish

the Memory of the Great Leader Chairman Mao," which he asked either RENMIN RIBAO or the party journal QIUSHI to publish.

Meanwhile, Wang Dongxing, Song Renqiong, and Deng Liqun also joined him in putting on the show, writing articles singing the praises of Mao Zedong.

#### **Deng Liqun Traveled Around To Campaign for Mao Worship**

The article written by Song Renqiong is entitled: "Without Chairman Mao There Would Be No New China."

That written by Deng Liqun is entitled: "Be a Communist Party Member Faithful to Marxism-Leninism-Mao Zedong Thought," with the subheading "In Memory of Chairman Mao on the 17th Anniversary of His Death." Deng Liqun also visited Changsha in Hunan, Yanan in Shaanxi, and Nanchang in Jiangxi to organize several forums and conduct some surveys, which produced a 100,000-character report entitled: "The People Cherishing the Memory of Their Leader."

#### **Wang Dongxing Speech Against Reform and Opening Up**

Wang Dongxing wrote an article entitled "Mao Zedong Thought Is the Basic Theory Guiding China's Reform and Construction."

He not only wrote articles but also delivered speeches against reform and opening up. Speaking at a forum of central organs held in mid-September, he said: "As a CPC member, I refuse to hide my views and stand. Communist party members always believe that it is shameful to hide their own views. To be honest, I disagree and have reservations with part of the guideline, policies, and foreign policies currently pursued by our party."

Wang Dongxing also said: Although Chairman Mao committed some mistakes in his work during his later years, the series of guideline and policies laid down by him and ratified by party congresses are still of practical significance and can stand historical tests. How to evaluate Chairman Mao's life and how to assess the role Mao Zedong Thought played and the contributions it made to China's revolution and construction is a criterion in distinguishing genuine Marxist-Leninists from sham Marxist-Leninists and from nationalist revolutionists.

#### **Chen, Whateverist Factions Have Three Points in Common**

All indications show that a group of "leftist" elements are trying hard to give wide publicity to Mao Zedong's Thought, line, decisions, and policies, by making use of the occasion of the 100th anniversary of Mao Zedong's birthday, which falls on 26 December this year, and of the "Mao Zedong fever" that has been stirred up by them. Among these people are members of the Chen Yun faction, such as Song Renqiong and Deng Liqun and members of the whateverist faction who wish to stage a comeback, including Hua Guofeng and Wang Dongxing. These people have three points in common: They all are "leftists," they all adore

Mao Zedong, and they are all opposed to reform. For this reason, these two groups of people are now tending to join forces. They sing the praises of Mao and they want to revive the ideological line of "two whatever's." In so doing, their purpose is to oppose the policy of reform and opening up and, in substance, to oppose the Deng Xiaoping line.

Members of the reform faction in Zhongnanhai are well aware of these developments. Apart from Deng Xiaoping's attack against the whateverist faction, high-ranking cadres have been mobilized to study Deng Xiaoping's theory and leaders at the higher strata are urged to arm themselves with Deng's ideological line against the tendency of worshipping and adoring Mao and the idea of two whatever's. The "class to study Deng Xiaoping's theory on building socialism with Chinese characteristics" recently organized by the CPC's Central Party School is an indication of the reform faction's efforts in ideological education.

#### **The Study Class for High-Ranking Cadres Shows Tendency To Honor Deng and Belittle Mao**

Attending the class are more than 60 officials-in-charge from ministries, commissions, departments, and committees at the central level, major military regions, provinces, autonomous regions, and municipalities directly under the jurisdiction of the central government. The following questions have been raised and discussed in the class:

1. One must be brave in facing reality squarely, as Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics is substantially different from Mao Zedong's theory on ruling the country with ideology.
2. One should admit that Comrade Deng Xiaoping's view on the party's central task is totally different from Mao Zedong's view on the key task that must not be given up.
3. Deng Xiaoping's theory has, in substance, revised and enriched the theory of Marxism-Leninism. It has pointed out that Marxism-Leninism can keep its vitality only if it is developed and revised and that Marxism-Leninism, due to restraints of the times, bears some shortcomings and even some idealistic features.
4. Deng Xiaoping's theory represents the most earnest and comprehensive review of the course of 57 years of struggle by the CPC since its founding (from 1921 to the Third Plenary Session of the 11th CPC Central Committee in 1978). This is the most earnest and comprehensive self-examination and retrospection ever made by our party.
5. Deng Xiaoping's theory elaborates on the principle that, whether it is capitalism, socialism, or whatever else, a doctrine or system must be based on the national conditions of the country in which it is to be applied.
6. Deng Xiaoping's theory has emancipated the minds of all the party and all the Chinese people. It points out that every truth is a relative truth and every theory which is applicable and effective today is subject to verification as society keeps on developing. Any constant theory copied intact from elsewhere can hinder the development of a specific society.

7. Deng Xiaoping's theory is the essence of Comrade Deng Xiaoping's thinking achieved through exploring, summarizing, and studying the practical experience in revolution and construction over the past more than 70 years. It is also the product of the common practice, exploration, and summarization by the CPC and the Chinese people of all strata. Deng Xiaoping's theory also needs to be developed, enriched, and refined.

8. The important features of Deng Xiaoping's theory include the necessity to correctly understand, handle, and harmonize the relationship between the four cardinal principles on the one hand and social development, the party's central task, the in-depth reform, the development of the productive forces, and the reform of superstructure on the other, as well as the theory's adaptability to the reform of the political structure.

#### **Deng Is Worried That Thoroughly Criticizing Mao Will Hurt the CPC and Himself**

Although Deng Xiaoping is now 89 years old and his physical condition is no longer as good as before, he can still clearly sense the interference and offensive from the "leftist" faction. He has linked the activities of singing the praises of Mao with the "whateverist" faction. This indicates that he is keeping a high degree of political alertness. He has repeatedly reminded the higher leadership by warning that "some people are attempting to rehabilitate the 'whateverist' faction." His views are to the point and his remarks are a strong blow at the "leftist" faction, the diehard faction, and the whateverists. Since Jiang Zemin has recently played an active part in encouraging and supporting the chorus singing the praises of Mao, Deng's remark against the "whateverist" faction can be regarded as a warning to Jiang Zemin.

However, after all, Deng Xiaoping so far is still not courageous and determined enough to totally move Mao Zedong away from the shrine for worship. He is worried that thoroughly reevaluating and criticizing Mao will hurt the CPC and himself. He is inferior to Khrushchev in terms of wisdom, ideological foresight, and courage. Still less can he be compared with statesmen who were more courageous than Khrushchev. He has imposed the "four cardinal principles" as an obstacle to the reform launched by himself. One of the questions discussed among students at the party school is how to "harmonize" the relations between the four cardinal principles on the one hand and many other aspects, including the political reform, on the other. But how can one harmonize the contradiction and conflict between the two? This is simply impossible. In his limited remaining years, will Deng Xiaoping be able to make a breakthrough in terms of ideological understanding and determination?

So long as the spirit remains alive, the influence of the "whateverists" cannot be eliminated. And what is that spirit? It is nothing but Mao Zedong's shadow over people's minds.

#### **Bo Yibo Speech To Party History Work Officials Carried**

*OW0211100693 Beijing QIUSHI in Chinese No 17, 1 Sep 93 pp 4-7*

[Speech by Bo Yibo (5631 0001 3134) at a national conference of officials from departments in charge of party history work on 3 April 1993: "Be Good at Summing Up Experience, Be Bold in Opening Up the Future"—QIUSHI headline]

[Text] The comrade in charge of the Party History Research Office of the CPC Central Committee asked me to meet with you comrades, and I am very glad to do so. However, I was not prepared to speak. But the chairman of the conference insists that I speak to you, so I cannot but oblige him.

The First Sessions of both the Eighth National People's Congress [NPC] and the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC], which just concluded, were very successful. The entire party and the people across the country are delighted by the successful sessions, and comments on them from abroad are also very favorable. I am deeply impressed particularly by two points:

1. The sessions stressed the need to seize opportunities to speed up the pace of reform and opening up and to push economic and other work forward. Comrades have gained a clearer understanding of what Comrade Xiaoping called "seizing opportunities" and have thus increased their confidence and vitality. Why do we call the present time an opportunity? I think it is for two reasons: First, the international situation is generally to our advantage. The challenges from the West remain serious. However, a new world war may not break out after the disintegration of the Soviet Union and the radical changes that have taken place in Eastern Europe. The general trend is peace and development and a change from Cold War to economic and trade competition. Many countries like the big market in China, believing that China's economy is developing vigorously and that tremendous successes have been achieved in reform and opening up, which are irreversible. Now we have further called for establishing a socialist market economy and are working hard to connect it to the international market. For other countries, this is also an opportunity to do business with us. Second, the domestic situation remains stable. Following the political disturbances of 1989, many Western countries wanted to "apply sanctions against" us, but they could not overwhelm us. Our domestic situation has got better with each passing day, and the general situation is one of stability and unity. Of course, opportunity connotes many other things. For instance, "we have tens of millions of patriotic Overseas Chinese who have made tremendous contributions to the motherland." It is a unique opportunity of ours to bring their role into full play and welcome them to invest in the country. Here I particularly want to mention that we have the leadership of the older generation and that Comrade Deng Xiaoping is still living and in good health. Comrade Xiaoping concerns himself very much with party and state affairs and always reminds and instructs us in good time to handle such affairs.

In handling major issues, if the new leadership has doubts or difficulty, it can also ask him for advice. His views are not only respected by those in the party but have a tremendous influence at home and abroad.

Comrade Xiaoping's tour of the south early last year marked the beginning of a new period of reform, opening up, and modernization. Systematically summing up 14 years of basic experiences since the Third Plenary Session of the party's 11th Central Committee, the 14th party congress ever more comprehensively summarized and expounded the theory and line and a series of principles and policies on building socialism with Chinese characteristics and decided to establish a socialist market economy. The First Session of the Eighth NPC codified all this into the Constitution as part of the law. So the major policy is determined, and the situation and tasks are clearly defined. Our task now is to seize the present opportune time to act in accordance with the strategic plan that "the basic line must be followed unwaveringly for 100 years," and to strive to push our national economy and other work to a new level during the Eighth Five-Year Plan and before the return of Hong Kong to the motherland in 1997. Only by so doing can we say we are seizing the opportunity. Comrades: This "opportunity" is not always available to us. So we must seize this one, emancipate our minds, and realistically push our economy forward [shi shi qiu shi di ba wo men de jing ji gao shang qu 1395 0057 3061 2508 0966 2116 2053 0226 4104 4842 3444 2269 0006 0637]. It is inevitable to make some mistakes in this regard. It does not matter to make some minor errors which we must correct, but we must avoid serious mistakes. The way to do so is promptly sum up experiences and immediately correct mistakes.

2. The replacement of the older generation of the party and state leadership with the new one was smoothly realized at the party's 14th national congress and the First Session of the Eighth NPC. The issue of passing the leadership baton to a younger generation was raised as early as at the 12th CPC National Congress. What followed was the establishment of an advisory commission and the retirement of veteran comrades to the second line. The leadership issue was finally solved following a decade-long transitional period and with the ripening of conditions. Members of the present leadership are not only young, but are also capable and united. Organization line becomes a decisive factor following the adoption of party's political line. That genuine leadership change, symptomatic of the times, was of historical significance.

Our country's prosperity and long-term stability are thus reliably ensured with the smooth realization of the leadership change and with the accelerated development of the economy.

Two years ago, we witnessed the collapse of the Soviet Union and Eastern Europe's drastic changes. At that time, some in foreign countries, in our country, and in the party wondered if Marxism will work anymore. Faced with that situation, our party resolutely lead the people to continuously march along the road of socialism with Chinese characteristics; and since then the road has opened wider and wider. Now the great soil of China is throbbing with

vitality and the nation is thriving. The achievements that our country have scored so far are not a small feat. Our country's achievements have evoked in me the memory of a poem composed by Xia Wanchun, a young patriot whose life spanned the late Ming dynasty and the early Qing dynasty. Despite his failed attempt to overthrow the Qing dynasty, his strong determination and his must-win spirit were commendable. To explain the current situation and to facilitate memorization of the poem, I take the liberty of adding the following lines:

Internal causes are to blame for the change of flags  
in the former Soviet Union and Eastern Europe.  
The true essence of Marxism-Leninism will not go up in  
smoke.

"Let's soar high and embark on a 10,000-li trip.  
Fret no more, for things will be all right."

Party history work departments and personnel involved in the affairs of party history should have a comprehensive understanding of the overall situation; keep abreast of and know the current situation; further implement the guidelines set forth at the 14th CPC National Congress; fully recognize the importance of strengthening party history work under the new situation; collect, compile, and study data on party history during the socialist period in a planned and systematic manner, so as to enable the party history better serve the cause of building socialism with Chinese characteristics. This is the first point I want to stress.

The second point I want to stress is that the current excellent situation, which did not come easily, was the result of the efforts of the entire party and the people. One of the very important reasons for our country's excellent situation is that our country has benefited from the excellent summing up of experiences and the bold exploration by the party's second generation of collective leadership with Comrade Xiaoping at its core.

The correct political line adopted since the Third Plenary Session of the 11th CPC Central Committee did not fall from the sky. The line was raised and perfected gradually by Comrade Xiaoping who led the party in making in-depth summation of both the positive and negative experiences and lessons drawn from the several decades after the founding of the republic and in conducting bold experiment and exploration. Of course, new problems are bound to crop up with the development of the situation and new knowledge will be gained through practice; and additions and corrections to some of the existing understanding will have to be made; it is a must process for understanding the development of the law of objective reality. Comrade Xiaoping's historical achievements are many, two of which I think are of great importance to the nation and are of far-reaching significance. The first achievement was that he made a correct assessment of Chairman Mao and established the historical position of Mao Zedong Thought which is the crystallization of the collective wisdom of the entire party. It was a very important yet complex and sensitive issue. If we did not fully affirm the great and historical feats of Chairman Mao, we will not be able to explain the historical process of how our party and the people, after experiencing great difficulties and hardships, finally

achieved the glorious victory of new democratic revolution and socialist revolution under the leadership of Chairman Mao; our party would have lost its *raison d'être*. And if we did not point out and correct the mistakes he made in his old age in a spirit of seeking truth from facts, and if we did not decisively stop using the slogan of "taking the class struggle as the key link," and shift the emphasis of our work to the socialist modernization construction, there will be no thriving and progress in our undertakings. In the process of drafting the "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China," Comrade Xiaoping pointed out with great foresight: "The appraisal of Comrade Mao Zedong and the exposition of Mao Zedong Thought do not merely concern Comrade Mao Zedong himself, but these cannot be separated from the history of our party and country as a whole. We should take the overall situation into account.... This is not only a theoretical but a political issue, a major political issue at home and abroad. If this part cannot be appropriately written, it would be better not to have this resolution." "By setting things to rights, we mean bringing order out of the chaos caused by Lin Biao and the 'Gang of Four,' criticizing the mistakes made by Mao Zedong in his later years, and returning to the right track of Mao Zedong Thought. In short, if we should fail to include in the resolution Mao Zedong Thought which has been proved to be correct in practice and which should be our guide in work, the historical significance of the revolution and construction we have carried out and will carry out would be weakened. If we should fail to write Mao Zedong Thought into the resolution or fail to uphold Mao Zedong Thought, we would commit serious historical mistakes." "Affirming Chairman Mao's contributions is primary, and his mistakes are secondary. We should discuss the mistakes made by Chairman Mao in his later years by seeking truth from facts. We should still continue to uphold Mao Zedong Thought. Mao Zedong Thought is the correct part of all his life. Mao Zedong Thought not only guided us to the victory of the revolution in the past, but it is and will be the valuable wealth of the Chinese party and nation. Therefore, we should hang Chairman Mao's portrait over the Tiananmen Gate forever as a symbol of our country and cherish his memory as a founder of our nation. Moreover, we should uphold Mao Zedong Thought. We will not treat Chairman Mao as Khrushchev did Stalin." Comrade Chen Yun said: "The resolution should be drafted according to Comrade Xiaoping's opinions to establish Comrade Mao Zedong's place in history and to uphold and develop Mao Zedong Thought. To achieve this purpose and to enable readers of the resolution to have a clear understanding of this question, it is necessary to write into the resolution the contributions Comrade Mao Zedong and Mao Zedong Thought have made over the past 60 years since the founding of the party. Therefore, I propose to add a paragraph to the resolution to review the 28 years of history before the founding of the PRC. When the history of the party and the history before and after nationwide liberation are reviewed and when the role played by Comrade Mao Zedong at critical junctures is clearly put down, then his achievements and contributions will be comprehensively summarized and there will be a basis for establishing his historical place and for upholding

and developing Mao Zedong Thought. Thus, it will be more convincing to say that Comrade Mao Zedong's contributions are primary and his mistakes are secondary and that Mao Zedong Thought has guided us to victory." How pertinent and profound these remarks are! It is of far-reaching significance that the "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China" adopted at the Sixth Plenary Session of the party's 11th Central Committee unified the entire party in thinking on this major question. The second achievement was that after realistically summing up historical experiences and lessons, Comrade Xiaoping put forward a series of new principles and policies and, in the light of new practical experiences and with great theoretical courage, raised such principles and policies to a higher level and turn them into the theory of building socialism with Chinese characteristics. "One central task and two basic points" did not come easily. Comrade Xiaoping is worthy of being acknowledged as the general architect of reform and opening up in China. Only by accurately summing up the past will we be able to open up the future. Otherwise, what situation would it be if we did as Khrushchev and Gorbachev had done in completely negating Stalin, Lenin, and the October Revolution; advocating the so-called "new thinking" and "openness"; and describing socialism as devoid of any merit? The situation could only be one of great disorder across the land, and the people would suffer.

In telling you all of this, I just want to make clear to you: First, we have been practicing socialism for quite some time. It is already 40 years if we count the time from the founding of the PRC. We have gained rather rich experiences in this regard, both positive and negative. For a long time, the stress of our party history work has been put on the period of democratic revolution; a relatively solid foundation has been laid in this work. However, we have not done enough in collecting and researching the data of party history in the period of socialism. The director of the Party History Research Office of the CPC Central Committee has proposed to shift the stress of party history work to research on the history of the party in the period of socialism, and I believe this is a correct proposal. Therefore, I endorse it. Second, the key to doing fruitful research is to be good at applying the stand, viewpoint, and method of Marxism-Leninism-Mao Zedong Thought; to emancipate the mind; to seek truth from facts; and to uphold practice as the sole criterion for testing truth. To do so, it is very important to grasp historical data. As students of the science of history, we should base our remarks on facts; in writing history, we should base ourselves on historical facts and data. So collecting historical data and making an appraisal of them are a basic link in historical research. We should do solid work in this regard, and there is no shortcut to take. I have wanted to write something as a review of history these years, but I feel it is not enough for me to do so only by relying on my own memory. Only by combining personal memory with historical archives will we be able to do so with a solid basis. Historical figures should not be appraised only according to partial and scattered data. It is necessary to collect as much data as possible and to make a comprehensive analysis according to such data. Only thus will one be able to reach

an accurate conclusion capable of standing the test of history. Third, comrades with rich practical experiences are advanced in years. As a result of the catastrophe of the "Cultural Revolution," a lot of precious historical data were lost. So historical data of the socialist period also involve the question of salvaging. We should step up our efforts in this regard; otherwise, our losses would be more serious. After the replacement of old cadres by new ones, large numbers of new cadres have not personally experienced historical events. It is precisely for this reason that they may possibly take a more objective view of the past. For party history workers, it is duty-bound to produce a number of quality, scientific works according to historical data to educate our cadres and people. This is a glorious duty and also a task of far-reaching significance. We should live up to the expectations of our times.

The third point is: The party history group proposed three years ago that an up-to-standard party history be written and published as soon as possible. Under the direction of Comrade Hu Sheng and through the effort of many comrades, *The 70 Years of the Communist Party of China* was published. So we finally have a rather good book on our party history. However, much work remains to be done. The party history of the socialist period has yet to be written. *The 70 Years of the Communist Party of China* still needs to be improved, and great efforts are to be made to work on the history of the country. Incidentally, the Contemporary China Research Institute and the Society of Chinese History are working on the history of the country. As a veteran party member, I wholeheartedly hope that more quality works on party history will come out. This concerns party committees at various levels, especially those at or above the provincial, municipal, or regional levels, that should strengthen their leadership over party history work and the building of a contingent of history workers at corresponding levels. It is said that there are 20,000 to 30,000 cadres working in party history departments. This is a big and good contingent of cadres. The stress of work should be actually shifted to a planned collection, research, and compilation of party history data about the period after the founding of the PRC. A good job should be done in planning and organization, and great efforts should be made to come up with some quality works. One good history book is better than 100 or even 1,000 such books written or compiled in rough and slipshod way. Quality is stressed in manufacturing industrial products. Intellectual products should be improved and polished again and again before turning them out, and their first priority should be given to quality. Since works on party history produce a widespread influence, they must meet strict requirements. Such works must be authored in a serious and scientific way. History must be based on facts. Only by basing itself on facts can history be truthful. As for some major controversial issues, we may collect data on them and do research on them or just file them away; we do not have to be impatient about such issues, much less should we disclose data on them without approval from higher authorities. We must act with caution.

Finally, I want to discuss a practical question. The living standards of large numbers of party history workers have been improved to some extent in recent years. Relatively

speaking, however, many of you comrades are not quite better-off and still live a rather hard life. But you still work selflessly and devotedly. This spirit is commendable, indeed. The state is gradually solving the question of lower salaries for intellectuals. The party should show concern for all of you, and you comrades should continue to exercise some patience. "One should view things from a long point of view," and "one should be the last to enjoy comforts." I think people should have some spirit. Large numbers of party history workers have lofty ideals, observe discipline, have the cardinal principles in mind, and take the overall situation into account. I believe that their working and living conditions will be gradually improved with economic development and that they certainly will work hard to contribute more to the party and the state.

#### Further on National United Front Conference

OW0411083493 Beijing XINHUA Domestic Service in Chinese 0928 GMT 3 Nov 93

[By reporters Zou Aiguo (6760 1947 0948) and Sun Yong (1327 0516)]

[Text] Beijing, 3 Nov (XINHUA)—The national conference on united front affairs opened at the Great Hall of the People this morning in accordance with a CPC Central Committee decision. The conference's theme is: emancipate minds, seek truth from facts, earnestly study and define the current united front situation and assignments, achieve a consensus of views, reaffirm confidence, and proceed with an explorative spirit; doing all this under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics.

Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee and chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee, chaired the meeting. He said: The purpose of this meeting held in accordance with the CPC Central Committee decision is to follow the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and achieve a greater consensus of views toward the united front situation; define the status, role, and tasks of the united front; study general and specific united front policies for operations in various fields under the new situation; and strive to create a new situation in which the whole party will attach importance to united front affairs.

Li Ruihuan said: This meeting takes place at a time when a new stage has started for China's reform, opening up, and modernization endeavors. This meeting's success is important for uniting all forces that can be united; mobilizing all positive factors; and turning negative factors into positive factors to achieve the great objectives, namely the four modernizations, national reunification, and China's revitalization. He urged those attending the meeting to emancipate their minds; seek truth from facts; say all they wanted to say; and make every effort to make the meeting one that studies the new situation, solves new problems, and sums up experiences, as well as a meeting which displays unity, boosts morale, seeks truth, and looks forward.

At the opening ceremony, Wang Zhaoguo, vice chairman of the CPPCC national committee and head of the CPC Central Committee United Front Department, delivered a report entitled: "Guided by Comrade Deng Xiaoping's Theory on Building Socialism With Chinese Characteristics, Continue To Intensify United Front Operations Under the New Situation." The report had these four parts: The situation confronting united front affairs; new features of united front affairs under the new situation; policies and principles for united front operations in various fields; and building stronger united front departments.

Wang Zhaoguo said: Upholding the lines, principles, and policies formulated since the Third Plenary Session of the 11th CPC Central Committee, the party Central Committee with Comrade Jiang Zemin as the core has inherited and carried forward the fine traditions initiated by Mao Zedong, Zhou Enlai, Deng Xiaoping, and other proletarian revolutionaries of the older generation, and placed united front affairs at a strategic position of great importance. Party committees and united front departments have also made fresh contributions to consolidating and developing the broadest patriotic united front by working hard and exploring new ways to implement general and specific united front policies.

He said: The current united front is united and stable. The situation is good. This can be mainly observed from the following: It firmly upholds the guiding thought of serving economic construction, and thus it has been striving to contribute to that sector with all its resources; it serves to safeguard political unity and stability, thus becoming a force contributing positively to national and social stability; the constant improvement and development of multiparty cooperation and political consultations under the CPC leadership have promoted socialist democracy; and gratifying results have been achieved in strengthening the two united front contingents [tong yi zhan xian liang zhi dui wu 4827 0001 2069 4848 0357 2388 7130 0124].

Commenting on the new features of united front affairs under the new situation, Wang Zhaoguo said: Having creatively inherited and developed Mao Zedong's united front thinking, Comrade Deng Xiaoping has put forth a united front theory for the new period. This theory is in line with the objective needs of China's modernization as well as with the historical law and the characteristics of the time. Guided by this theory, the united front has created a new situation imbued with vitality; and this theory also constitutes an important part of the theory on building socialism with Chinese characteristics.

In his report, Wang Zhaoguo elaborated on the policies and principles for united front operations in various fields. On the work relevant to democratic parties, Wang Zhaoguo said: The general guidance for the work in this area is to earnestly carry out the central authorities' instructions about upholding and improving the system governing multiparty cooperation and political consultations under CPC leadership, maintain the continuity and stability of CPC principles and policies for democratic parties, and supplement certain specific policies according to the new situation so that these policies will become even better.

Wang Zhaoguo said: The ethnic minorities issue has always been part of the general issue of China's revolution and construction. At the present stage, this issue can be collectively observed from the urgent demand voiced by minorities and minority regions for faster economic and cultural development. This is the central task for minority areas, it is essential for guaranteeing the nation's and minority regions' social stability, and it is absolutely essential for promoting national equality and solidarity and developing new, socialist relations among Chinese people of all nationalities.

On religious affairs, Wang Zhaoguo said: The principal assignments for religions are to fully and correctly carry out the party's policy governing freedom of religious beliefs, strengthen the management of religious affairs according to law, make positive efforts to promote computability between religions and socialist society, and guide the vast number of religious believers to contribute to social stability and economic development.

Wang Zhaoguo pointed out: One major development of united front operations during the new period is the promotion of friendly ties with people living overseas. The guideline for this operation is to hold high the banner of patriotism; make friends in many areas; establish friendly contacts with them; and inform them about China's policies so as to rally and mobilize the vast number of countrymen in Hong Kong, Macao, and Taiwan as well as Overseas Chinese to work for China's reunification and revitalization.

On economic affairs, Wang Zhaoguo said: The development of nonpublicly owned economies has been developing rapidly over the past couple of years. Under the principle of uniting, assisting, guiding, and educating the representatives from nonpublicly owned economies, we should pay attention to selecting and training a contingent of activists who support the CPC leadership; who can unite and cooperate with the CPC for a long time; and who will assist the CPC in guiding the people in their respective trades to be patriotic, hardworking, and law-abiding people contributing to building socialism with Chinese characteristics.

Wang Zhaoguo said: Virtually all of the united front's operational targets in all fields are intellectuals working in the political, economic, cultural, and other areas. Thus, the work of winning over intellectuals who are not CPC members is the foundation of united front operations. Success in this area means we can constantly send non-CPC representatives and cadres to work in all united front fields; this is important for consolidating and broadening the patriotic united front.

Speaking of training, selecting, placing, and using non-CPC personnel, Wang Zhaoguo pointed out: We must make sure the training, selection, placement, and use of non-CPC personnel are properly carried out because they are four closely associated links in all sectors of united front operations. A relatively well-conceived system should be gradually established so that the work in these four areas can be standardized, regularized, and handled scientifically.

Wang Zhaoguo said: Since the scope of united front operations has broadened, the numbers of targets and assignments have increased, and jobs have become more difficult,

united front departments must build themselves into even stronger organs. Wang Zhaoguo said: United front departments must discuss important affairs, handle important projects, fully fulfill their basic responsibilities, intensify the training of united front cadres, develop real friendship with more non-CPC personnel, intensify investigation and study, and pay attention to summing up experiences.

Over 200 people were present at the meeting, including State Councillor Luo Gan; responsible people of party committees and united front departments of various provinces, autonomous regions, and municipalities under the central government's direct jurisdiction; and responsible people of organs directly under the CPC Central Committee, central state organs, and mass organizations.

### Party To Unite 'All Social Sectors'

HK0411081693 Beijing CHINA DAILY in English  
4 Nov 93 p 1

[By staff reporter He Jun: "The Party To Unite All Social Sectors in Unification Drive"]

[Text] The Chinese Communist Party (CPC) is making a major effort to unite all social sectors to support ongoing reform and pursue peaceful unification of China, a top Party official said yesterday.

Wang Zhaoguo, head of the CPC Central Committee's Department of United Front Affairs, stressed these issues while addressing the opening session of a national United Front Work conference in Beijing.

The national goal of establishing a socialist market economy requires the alliance of socialist workers, patriots who support socialism, and overseas Chinese who favour unification, Wang said.

The five-day conference will focus on strengthening the Party ties to democratic parties, nonparty figures, ethnic minorities, religious groups, overseas Chinese and entrepreneurs from nonstate-owned economic sectors.

Li Ruihuan, chairman of the Chinese People's Political Consultative Conference, presided over yesterday's session.

Li, also a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, told the meeting that the main task of this conference was to discuss and formulate policies on every aspect of united front work in the new period of China's reform and opening.

He called on the whole Party to pay attention to united front work. He said efforts should be made in opening up a new prospect for united front work under the guidance of the theory on socialism with Chinese characteristics.

Li said all the forces that can be united should be united to build China's four modernizations, to reunite the motherland, and to invigorate the Chinese nation.

He demanded all the representatives to emancipate their minds, seek truth from facts, and focus on the new situations, new problems, and new experience.

While expanding its scope to cover more social sectors, the united front alliance is playing an increasingly important role in improving China's democratic politics. Wang Zhaoguo said.

Efforts to develop cooperation between the CPC and democratic parties are required for strengthening and improving the Party's leadership and maintaining long-term social stability, he said.

The CPC should help democratic parties to solve problems in their development, he added.

While private and foreign-funded enterprises flourished in the past, China's social and economic structure have changed rapidly in recent years, Wang said.

As a result, he added, economic gaps between regions, nationalities, economic sectors, and groups have widened while relationships have grown more complex.

The alliance should play an increased role in coordinating relations and settling disputes, he went on.

While urging the economic and cultural development of ethnic regions, Wang vowed to strengthen the legal management on the religious issues while implementing the Party's policy of religious freedom.

He underscored the alliance's obligation to promote the unification of China under the principle of "one country, two systems."

The Party should make more friends among overseas Chinese to promote unification, while attracting funds, technology and personnel for economic progress, he said.

Wang urged the Party to help representatives of the non-state-owned economic sectors.

While China's economic growth has relied on scientific and technological progress, intellectuals are playing an increasingly important role in all fields, he said, urging better ties with non-Communist intellectuals.

Wang promised to select more non-Communists to leading posts in the government.

### Forestry Ministry Reasserts Rhino Horn, Tiger Bone Ban

OW0211141393 Beijing XINHUA in English 1335  
GMT 2 Nov 93

[Text] Beijing, November 2 (XINHUA)—The Chinese Ministry of Forestry recently sponsored a meeting to reassert its ban on trade in rhinoceros horn and tiger bone.

Earlier this year, the State Council issued a circular prohibiting trade in the rare substances. The Ministry of Forestry and the Ministry of Public Health jointly took measures to enforce the circular's stipulations.

Manufacturing and sales of medicines containing rhino horn and tiger bone have been suspended and remaining stocks of rhino horns and tiger bones have been sealed.

In order to reinforce the ban on the trade, the Ministry of Forestry republicized six measures.

The ministry noted that protection of rare animals is an important task for the forestry department and an obligation in implementing international conventions.

It stressed the ban on the trade of rhino horn and tiger bone and called for enforcing the seal on materials containing the substances.

It called for seriously dealing with businessmen and smugglers engaged in the illegal trade of rhino horn and tiger bone and screening advertisements involving the horn and bone.

The ministry urged localities to set up agencies responsible for protection of endangered animals and enhance publicity on the protection of wild animals.

### Health Minister on Achievements in Epidemic Control

OW0311130793 Beijing XINHUA in English 1150  
GMT 3 Nov 93

[Text] Beijing, November 3 (XINHUA)—Anti-epidemic institutes have made great contributions to the protection of the Chinese people's health and the development of the economy since they were set up four decades ago.

With the policy of putting prevention first, the institutes have made many achievements in epidemic control, said Chen Minzhang, minister of public health, at a meeting held here today to mark the 40th anniversary of the founding of anti-epidemic institutes in China.

By the end of last year, China had set up nearly 5,600 health and anti-epidemic institutes with 251,000 staff members.

Thanks to their devotion, all the infectious, endemic and occupational diseases have been brought under effective control, said Chen.

Statistics from the Ministry of Public Health showed that the incidence of acute infectious diseases dropped from 20,000 per 100,000 in the 1950s to 230 per 100,000 last year.

Meanwhile, the coverage of immunized inoculation program for Chinese children has increased from 30 percent in the 1950s to over 85 percent at present and even over 90 percent in some areas.

Thanks to rigorous measures taken in areas stricken by major natural disasters and accidents, there has been no outbreak of infectious diseases reported there, said Chen.

Infectious diseases are no longer among the main causes of death in China, Chen said.

The infant mortality rate has also been brought from 200 per thousand down to 30 per thousand while the average life expectancy of Chinese citizens has increased from 35 years to 69, Chen added.

### Economic & Agricultural

#### More on Jiang Zemin Visit to Credit Card Show

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[By reporter Zou Aiguo (6760 1947 0948)]

[Text] Beijing, 1 Nov (XINHUA)—This morning Jiang Zemin, general secretary of the CPC Central Committee and state president, visited an exhibition of credit card systems and banking equipment held at the exhibition hall of the China Institute of Scientific and Technological Information.

The exhibition is jointly sponsored by the People's Bank of China and the Ministry of Internal Trade to accelerate the process of reforming and opening up banking operations, and to improve the means of settling banking transactions—businesses in line with the development of China's socialist market economy. It has been reported that 3.2 million credit cards with annual transactions of over 30 billion yuan are in use in China.

Following the widespread application of electronic informational technology in the 1960's, credit cards, as an important vehicle of electronic currency, have rapidly become an internationally acceptable means of payment because they can reduce cash circulation and facilitate consumption, and because of their safety. It has been reported that credit card transactions have exceeded \$3 trillion annually worldwide, and so the role credit cards play in the global economy is enormous.

In each booth he visited, Jiang Zemin inquired about technology, production, and use of various kinds of credit cards. Zhang Haoruo, minister of internal trade; Hu Qili, minister of electronics industry; Chen Yuan, vice governor of the People's Bank of China; and Deng Nan, vice minister in charge of the State Science and Technology Commission—who were accompanying Jiang Zemin during the visit—briefed him on the development and use of credit cards in China.

A total of 18 Chinese and foreign companies are exhibiting their credit card systems, equipment, and application technologies which are of advanced world levels at the show. These companies not only display magnetic cards, intelligent cards, and optical cards, but also terminal equipment, automatic teller machines, various kinds of networks, counterforgery technology and systems, commercial marketing systems, and other advanced equipment and technology.

After visiting the show, Jiang Zemin said: We are now working hard to develop our socialist market economy, and it is important to speed up the development of credit card services. He urged everybody to study other countries' advanced experiences in transforming banking operations with electronic technology so as to expedite socialist modernization.

Zhu Rongji, Zou Jiahua, and others also visited the show a few days ago.

**Yuan Mu Article Discusses Market Economy**

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13 Oct 93 pp 1, 2

[Article by Yuan Mu (5913 2606): "Certain Questions Concerning a Basic Understanding of the Socialist Market Economy"]

[Text] To establish a new structure of socialist market economy is a creative inheritance and development of the Marxist theory on scientific socialism and a great pioneering undertaking never before seen in human history. To carry out this solemn and arduous historical mission, we must make bold explorations and have the courage to practice so that we can continuously strengthen our understanding through practice and endeavor to find correct methods and roads for intensifying reform.

I.

Today, in the 1990's, why has China chosen the structure of market economy as the target and pattern of its economic structural reform under the socialist conditions? Just as choosing the socialist system rather than the capitalist system in those years of the Chinese Revolution, this is also an inevitable result of historical development. Only when we put forward and understand questions from such a high plane can we be firm and resolute in carrying out the reform, which is aimed at developing the socialist market economy, and can we carry out this reform through to the end with perseverance, always advancing and never stopping or retreating.

**—China has chosen the structure of market economy. This is decided by the essential characteristics and fundamental tasks of socialism.** The essential characteristics and fundamental tasks of socialism are to emancipate and develop social productive forces, eliminate exploitation and polarization, and attain the objective of common prosperity. The purpose of socialist production is to continuously satisfy the increasing needs of the people in their material and cultural lives. Only by creating higher labor productivity can socialism finally defeat capitalism. In the initial period of socialist construction, remarkable achievements were made in the practice of the planned economy as a kind of exploration. In a backward country and under specific conditions, this structure played a positive role in concentrating the limited resources to speed up economic construction, especially industrial construction. However, in the wake of development of socialized production and the expansion of the construction scale, the defects of the planned economy, such as neglecting the law of value and negating the role of market, have become increasingly obvious. They have inevitably resulted in the irrational allocation of resources and low economic returns and have seriously affected the growth of our comprehensive national strength and weakened the vitality and vigor of capitalism. In recent years, economic development in some socialist countries has slowed down, or even ceased, and violent changes have taken place in their political situations. Of course, there are many reasons for these changes. However, fundamentally speaking, they were all inseparable from the fact that

there had been no reforms of the rigid "socialist pattern," including the traditional structure of planned economy, or there had been serious mistakes and defects in the policies and methods of reform. The history of economic development of the world and the history of the practice of the socialist system over the past more than 50 years show that, before the social productive forces have developed to the stage whereby all productive means are owned by society, as was envisaged by Marx in his time, and before the relations between commodity and money are eliminated and a structure of planned economy and an operational mechanism are established to suit this development, the structure of market economy and its operational mechanism, which is based on the law of value and full development of commodity production, should be practiced. It has also been proved by human history to be a more effective economic structure and operational mechanism for promoting the development of social productive forces and more effectively optimizing the allocation of social resources. This is a conclusion drawn by history.

**—China has chosen the structure of market economy. This is an inevitable result of the practice of reform and opening up over the past more than 10 years.** Why has China's national economy been able to emerge from the difficult situation and the verge of bankruptcy during the "Great Cultural Revolution" since reform and opening up? Why has it been able to continuously develop at a considerably high speed which has been, generally speaking, among the highest in the world over the past more than 10 years? Why is there a situation in China today whereby commodity supplies and the people's incomes have been increasing with each passing day? Why has China's socialist system been able to withstand the severe tests of violent political changes in the international community, after the disintegration of the former Soviet Union and the evolution of the east European countries, and maintained its stability, continuously consolidating and standing erect in the East? There are also many reasons for this but the most fundamental reason is that, since the Third Plenary Session of the 11th CPC Central Committee, we have carried out reform of the highly centralized and rigid structure of the planned economy, boldly introduced market mechanism, enlivened the economy, promoted the development of social productive forces, improved the people's livelihood, and strengthened our comprehensive national strength and socialist cohesiveness. Why has China achieved great success in rural reforms? If the peasants had not been given the decision-making power in production by the contract responsibility system on a household basis with remuneration linked to output; if the peasant households had not been made the main body of the rural market and, to a certain extent, entered the national or even the international markets; and if control over the prices and circulation of agricultural and sideline products had not been gradually relaxed, there could not have been prosperity in the rural economy today. Why have township and town enterprises been developing quickly as a new force coming to the

fore? If the markets, including the raw material, manufactured goods, funds, labor, technology, and information markets, had not been gradually established in the course of reform and opening up, and if production had not been organized and regulated in accordance with market demand, township and town enterprises could not have been developed so vigorously as they are today. Why have the special economic zones been developing at such an astonishing speed? If there had not been the special state policies and if the major regulatory role of the market mechanism had not been brought into play and a free hand had not been given to the development of market economy, the special economic zones could not have been full of vitality and vigor as they are today. A host of facts from all around the country prove that wherever the role of the market has been brought into fuller play, economic development is more vigorous, economic growth is faster, economic returns are better, and the people's standard of living has been more greatly improved. All this fully demonstrates the great vitality of the structure of market economy.

—**China has chosen the structure of market economy. This is a pressing demand in speeding up economic development.** In the 1990's, we must ensure a sustained economic development on the basis of optimizing structure and increasing quality and returns, further expand the scale of opening up, endeavor to open up more international markets, and participate in international competition in more spheres so that our economic construction, comprehensive national strength, and the people's livelihood can enter a new stage. We must endeavor to achieve the second-step strategic objective and make preparations for achieving the third-step strategic objective in the mid-2000's. To this end, we must seize the current opportune time to speed up our own development. Development is the last word. Just as was pointed out in the report by the 14th CPC National Congress: "Economic backwardness will put us in the passive position of being controlled by others." "If our country's economic development is slow, we will encounter great difficulties in consolidating the socialist system and maintaining the long-term prosperity and stability of our country. Therefore, whether our economic development can be accelerated is not only an important economic problem but also an important political problem." In order to seize the current opportune time to speed up development, it is necessary to accelerate the pace of reform, intensify reform, and establish and improve the structure of socialist market economy as soon as possible. This has already been proved by the practice of socialism over the past more than 50 years and China's practice of reform and opening up over the past 10 and more years. If we neglect or discard this point, no matter how great the efforts we are making, we are only doing less important things to the neglect of the major tasks and will surely be unable to achieve our objectives.

In short, we can say with certainty: Under the socialist conditions, only by fully developing the market economy can socialism be full of vigor and vitality. Otherwise, the decline and degeneration of socialism will be unavoidable.

## II.

There is something in common, and a commonality of laws, between the market economy under the socialist conditions and the market economy under the capitalist conditions, but there are also essential differences. To make a correct distinction on this point and gain a good understanding of it is a matter of vital importance.

In his well-known "On Contradictions," Comrade Mao Zedong pointed out: "In considering each form of motion of matter, we must observe the points which it has in common with other forms of motion. But what is especially important and necessary, constituting as it does the foundation of our knowledge of a thing, is to observe what is particular to this form of motion of matter, namely, to observe the qualitative difference between this form of motion and other forms." ("Selected Works of Mao Zedong," Vol 1, p 308) We must uphold this dialectical methodology in observing and studying the structure of the socialist market economy.

**Whether under the capitalist conditions or under the socialist conditions, the basic forms and measures of the market economy are generally the same. They have common basic characteristics, or a "generality":**

—Marketization of economic activities. All economic activities are covered directly or indirectly by market relations. All such activities should be carried out in observation of the law of value and should be suited to the changing relations between supply and demand so that resources can be allocated to those links which are yielding better economic returns, through the functions of the price lever and competition mechanism, and so that there can be both pressure and motive force for the development of enterprises. All commodities, labor force, and major productive elements should be able to flow freely under a perfect, orderly, open, and competitive market system.

—Fair market competition. All enterprises and individuals participating in the activities of market economy should take part in the competition in accordance with the fair, regular, and unified rules for market competition. The state adopts a unified industrial policy and other relevant macroeconomic regulation and control policies toward such activities.

—Independent economic entities. The main bodies in the market (mainly enterprises of various kinds) should be producers and operators (or independent legal person entities) capable of carrying out independent operation, assuming sole responsibility for their profits and losses, and developing and restraining themselves. They are independent of government organs.

—Indirect macroeconomic regulation and control. The government carries out regulation and control over the market through all kinds of macroeconomic policies and economic levers (mainly by economic, legal, and necessary administrative means) so that prices can become signals guiding and restraining the allocation of enterprise resources. Through market competition, some enterprises

will further develop and some will be eliminated. This is decided by their efficiency and economic returns.

—Standardization of market conduct. To enact and perfect a scientific, strict, and complete system of market laws and regulations is the prerequisite and condition for the development of modern market economy.

**The structure of socialist market economy is combined with the basic systems of socialism. This decides that it has the following basic characteristics which are different from the capitalist market economy:**

—With regard to ownership, it is a structure with public ownership as the main body and the individual economy, private economy, foreign-funded economy, and other economic sectors as its supplement, under which diverse economic sectors exist simultaneously and develop together for a long time. Both the state-owned and non-state-owned enterprises are operating in accordance with the needs of the market, with the state-owned enterprises playing the leading role through fair competition.

—With regard to distribution, it is a system with distribution according to work as the main body and other forms of distribution as supplementary, under which both efficiency and fairness are taken into consideration. All kinds of regulatory means, including the market, are used to encourage the advanced, stimulate efficiency, and rationally widen income differences, while making efforts to overcome unfairness in social distribution, prevent polarization, and gradually achieve the objective of common prosperity.

—In macroeconomic regulation and control, China as a socialist country is capable of combining the people's immediate interests with their long-term interests, and the interests of the parts with the interests of the whole, and bringing the advantages of both planning and market into full play. State planning is an important means of macroeconomic regulation and control but it is not the same as mandatory planning. It is necessary to renew our concept of planning, improve our methods of planning, and focus our efforts on predicting economic development, exercising overall regulation and control, working out plans for major structures and distribution of productive forces, and putting forward rational strategic objectives for national economic and social development. It is necessary to concentrate necessary financial and material resources to promote construction of major projects and ensure a faster and better economic development.

Of these basic characteristics, continuing to make public ownership the main body of the structure is the most fundamental point. Only by continuing to make public ownership the main body of the structure can we: Ensure that distribution is made according to work; effectively realize common prosperity and prevent polarization; ensure that the macroeconomic regulation and control in our socialist country are more powerful and effective than those in capitalist countries; and can we ensure the sacred and inviolable rights of the broad masses of people as the masters of their own houses.

**On the people's understanding of the socialist market economy, there are two trends meriting our attention.** One is the trend of emphasizing the general characteristics of the market economy to the neglect of its inevitable social attribute derived from its relations with the basic systems of socialism and indiscriminately transplanting everything of the capitalist market economy into the socialist economy. The other is the trend of emphasizing the specialty of the socialist market economy to the neglect of the general laws of the market economy and rejecting the helpful experiences accumulated by the capitalist countries in their long-term development of market economy. The correct attitude should be: In the course of establishing a new structure for the socialist market economy, it is necessary to conscientiously study and take as our reference the theoretical and practical experiences of the capitalist market economy and assimilate the rational and helpful parts of their experiences rather than mechanically copying them. At the same time, it is also necessary to actively explore and establish the theoretical and structural patterns of the socialist market economy. This is the basic stand which we should always take.

### III.

All kinds of enterprises form the main body and the microscopic basis of the development of socialist market economy. A key problem in establishing and perfecting a new structure of the socialist market economy is how the enterprises under public ownership, especially the state-owned enterprises, are suited to the demands of the development of a market economy and operate and develop in accordance with the laws of the market economy. In other words, the key lies in a successful solution to the problem of linking enterprises under the public ownership, especially the state-owned enterprises, with the market economy.

Why do we raise and understand the question in this way? The reasons are: First, since reform and opening up, great development has been achieved in China's nonstate-owned economic sectors, which has injected new vitality into the national economy as a whole. However, the position of the economic sector under the public ownership as the main body of the national economy has not changed. It has continued to play its role as the main body. This cannot and should not be changed because of the replacement of the planned economy with the market economy. Second, generally speaking, over the past few years the economic sectors, other than the sector under the public ownership, have been gradually formed and developed on the basis of the development of the market. They are suited, or basically suited, to the market economy. However, being seriously affected and restricted by the traditional planning structure, the economic sectors under public ownership, especially the state-owned economic sector, do not have the vigor and vitality and are not, or basically are not, suited to the market economy. This is the crucial point of the issue. In short, the fundamental guarantee for a healthy development of the socialist market economy is that the economic sectors under public ownership, especially the state-owned economic sector, should maintain their original nature while also

being full of vitality and vigor. To this end, it is necessary to solve the following problems both in understanding and in practice.

—It is necessary to enhance the sense of competition in state-owned enterprises. In pushing forward reform of the economic structure, a matter we should take into consideration before everything else is how to establish a leading concept that the state-owned enterprises should develop themselves on the basis of their competitiveness in the market. We must realize that at present, not only the general manufacturing industries but also the raw materials industry, the mining industry, and even the trades and businesses which were originally regarded as having the nature of state monopoly, such as railroads, aviation, finance, insurance, and power supply, have all participated in both domestic and international market competition. If not highly competitive, the state-owned enterprises will be unable to become the main force in domestic and international competition and may lose their original markets. At present, we must proceed from China's realities and give priority to the construction and development of basic facilities, basic industries, and the trades which have an important bearing on the lifeline of the national economy, such as the communications, post and telecommunications, electric power, oil, mining and metallurgical industries, and the aviation and space industries. We must enhance their vitality and push them into the market so that the state-owned enterprises can play their leading role in competition.

—It is necessary to thoroughly change the operational mechanism in state-owned enterprises. This is a central link in establishing the structure of socialist market economy. Like the enterprises in the other economic sectors, the state-owned enterprises are also the main body of the market economy. It is necessary to put the state-owned enterprises in a position of the independent main body of the economy so they can become entirely independent commodity producers and operators. To this end, it is necessary to reform the traditional enterprise system and establish a modern enterprise system which is suited to the structure of market economy. It is necessary to do a good job in the following fields: 1) the conditions and opportunities for all kinds of enterprises in competition should be fair; 2) the enterprises are all independent legal entities with definite property rights, carrying out independent operations, and assuming sole responsibility for their profits and losses; 3) guided by the market, the enterprises should maximize their profits and take it as their objective; and 4) the government will not engage in the direct management of enterprises, only carrying out indirect regulation and control.

—It is necessary to ensure the preservation and increments in the value of state assets. The main reasons for the drain on state assets at present are the indistinct property right relations and imperfect management structure. The management of state assets is a major issue concerning the effective exercise of ownership by the state and the preservation and increments in the value of state assets. It is necessary to promote enterprise reform and change the

operational mechanism of enterprises on the premise of strengthening management of state assets. Strengthening the management of state assets should be conducive to: Strengthening macroeconomic regulation and control; the preservation of and increments in the value of state assets; the invigoration of the state-owned enterprises; the unity between the formulation of policies on the management of state assets and work relating to information and statistics; and conducive to the optimization of the structure of the national economy as a whole. Only when reform is carried out in this way can it conform to the fundamental interests of the broad masses of people and can a solid foundation be laid for the establishment and operation of the socialist market economy structure.

The market economy cannot operate even for a moment without the market. While establishing a modern enterprise system, it is also necessary to make great efforts to promote the construction of a market system. A perfect market system is an indispensable condition for the effective motion of the market economy and for the market mechanism to play its basic roles. It is also a key link in building up a socialist market economy structure. To establish a perfect market system, it is necessary to gradually satisfy the following basic demands:

—The market demanded by the market economy is a perfect and complete one. Under a market system which accords with the demands of the market economy, there are not only well developed commodity markets but also well developed markets of major productive elements. There are not only well developed spot markets but also well developed futures markets. A main thing to do in cultivating the market system is to develop the market of major productive elements and promote their rational flow in all directions. It is necessary to continue vigorously developing all kinds of commodity markets, especially farm products and capital goods wholesale markets; actively cultivate the financial market, including the securities market and stock market; and endeavor to develop the labor, technology, and real estate markets. It is necessary to gradually establish a perfect market system under overall planning and on the basis of rational distribution, with certain comprehensive and transregional, national, or regional central markets in the lead and local wholesale markets as the backbone and covering various market networks and retail points. Cities are centers of economic activity and the focus of market relations. To build up a market system, it is necessary to give full play to the role of cities as the centers of economic activity and take the scale of the cities into consideration, rather than establishing a vertical market network based on the administrative regions and jurisdiction relations.

—The market demanded by the market economy is a unified and open one. Only when free circulation and combination of commodities and major productive elements are realized throughout the country can a rational system for division of work be established and the allocation of economic resources be optimized. All countries with well developed commodity economies are attaching great

importance to ensuring fair competition and building unified and open markets and have all made great efforts to solve this problem. We should learn from their experiences. The vigor of the economy comes from competition. It is necessary to adopt measures as soon as possible to protect medium and small enterprises, ensure a fair competition, and check all practices which are detrimental to fair competition, such as monopolizing the market, controlling prices, restricting transactions, and illegal annexations. The domestic markets should open to each other and also to the international markets. Only by establishing an open market system can China make use of foreign economic resources more effectively and introduce advanced technology and management experience from outside. China is now making positive efforts to strive for an early return to the GATT and seeking an opportunity to enter the higher level international markets. At the same time, it should also open its domestic markets wider to the outside world. We must seize the opportune time and use it better so that efforts for "entering the GATT" can be turned into a good opportunity for China to participate in international competition.

**—The market demanded by the market economy is a standard and orderly one.** In the course of establishing a market economy structure and in the course of its operation, there are both "hardware" and "software." The former mainly refers to all kinds of market facilities while the latter mainly refers to all kinds of market regulations. The natural growth of the market system is a rather slow. To accelerate its growth, the government should take greater responsibilities and vigorously support, organize, and guide its development. First, it should make greater efforts to improve the "hardware." On the basis of taking into consideration the comprehensive situation of various localities, it should make overall planning for the development of national or regional transaction centers, selecting suitable places and making appropriate arrangements for their development. Second, it should make greater efforts to improve the "software." The main task is to work out and perfect market regulations, laws, and rules in light of the internal demands of the development of socialist market economy, standardize all basic economic relations and market operations, and formulate a series of rules and systems which accord with the demands of modern market economy.

#### IV.

The socialist market economy needs a perfect macroeconomic regulation and control system. The state interferes in and influences the market through macroeconomic regulation and control and effectively rectifies certain natural defects in market regulation, such as spontaneity, blindness, and sluggishness. Only thus can it ensure the harmonious operation and healthy development of the national economy.

The necessity of macroeconomic regulation and control can be understood from the following two basic points.

**On the one hand, the market economy, under whatever social system, needs macroeconomic regulation and control.** This has been proved by both history and practice. Judging from the practice of market economy throughout the world, there are several different concrete patterns of market economy, none of which can depart from macroeconomic regulation and control. The only difference is the difference in the range, extent, and method of macroeconomic regulation and control. Generally speaking, the main tasks of macroeconomic regulation and control under the market economy structure are: To maintain a basic balance between general demand and general supply; to readjust and optimize the economic structure; to oppose monopoly and protect fair competition; to give consideration to both fairness and efficiency; and to protect natural and social environments in the course of economic development. These problems cannot be resolved through the spontaneous actions of enterprises and individuals under the roles of market mechanism. They can be resolved mainly through the state's macroeconomic regulation and control and the guidance of state policies and laws. This is a general law of the market economy which needs macroeconomic regulation and control. The socialist market economy is no exception.

**On the other hand, because of certain special situations, the socialist market economy has a stronger demand for strengthening macroeconomic regulation and control.** First, the state has to rely on the public sector of the economy, especially the state-owned sector which is the main body and occupies a dominant position of social economy, to concentrate forces on the construction of major projects which have an important bearing on the distribution of productive forces and other projects. Therefore, macroeconomic planning should be strengthened. Second, to achieve common prosperity is an essential demand of the socialist system, which is a higher demand than other countries practicing market economy, in handling relations between fairness and efficiency. Naturally, common prosperity can be achieved only by implementing the necessary policies worked out by the state. Third, the transition from a highly centralized planned economy to a socialist market economy is a long and arduous course of exploration and its objective cannot be achieved without the state's powerful, correct, and effective macroeconomic regulation and control. Fourth, in its course of development toward modernization China, as a relatively backward industrial and agricultural country, cannot and should not follow the course of spontaneous and long-term development taken by the developed capitalist countries in developing the market economy. It is entirely possible for it to take a more conscientious and faster road. Thus, the state is required to play a greater role in this respect. The successful experiences of some newly emerged industrial countries have proved this. China, decided by its socialist nature and superiority, is more capable of so doing.

**The structure of socialist market economy is by no means one of the classical and uncontrolled market economy. Instead, it is a structure of a healthy and orderly modern market economy with powerful and effective macroeconomic regulation and control by the state, under which standardization and legalization will gradually be achieved.** While giving play to the basic role of market in allocating resources, the state's

macroeconomic regulation and control can only be strengthened rather than weakened. Of course, this macroeconomic regulation and control does not mean a return to the traditional structure of planned economy. The state should not interfere in the concrete production and operation of the enterprises but should continue to implement the principle of separating government administration from enterprise management, grant full decisionmaking power to the enterprises, and observe the law of value and the relations between market supply and demand. It should mainly adopt economic measures and legal measures, which are supplemented by necessary administrative measures, to make up for the deficiency of market regulation, eliminate the defects of market mechanism, and promote and ensure the healthy development of the national economy. Of course, the enterprises should seek subsistence and development amid market competition. However, they should never deviate from the administration, supervision, coordination, and guidance of the government and the better macroeconomic and social environment created for them by the state. If macroeconomic regulation and control are not strengthened and correct industrial policies are not worked out and implemented, and if the state does not concentrate financial and material resources on major projects and does not give play to the superiority of socialism, which is "capable of concentrating strength on major projects" as Comrade Deng Xiaoping said, it will be difficult for China to establish and develop a number of the nation's, or even the world's, first-rate modern enterprises, especially high science and high tech enterprises, in a short period of time, which have the capacity of conducting large-scale production. If so, it will also be very difficult for us to build China into a powerful and modern socialist country.

**China is a big country with extremely uneven economic development. Both the central and local governments, especially the provincial governments, have the responsibility of providing correct guidance for the development of the socialist market economy and should play an active guiding role.** It is necessary to clarify the responsibilities of both the central and local governments. However, in practice, it is often the case that the lower the level of administration, the stronger the capability of guiding, regulating, and controlling the economy. Some cities, counties, towns, and townships have refused to follow the instructions of the provincial authorities, some have even refused to follow the instructions of the central authorities. The phenomenon of "taking countermeasures against the policies of the higher levels" has appeared from time to time. Another phenomenon which merits our attention is that, in the development plans for quite a few localities, there is a trend of demanding the local economy to form its own local system. This is detrimental to the practice of developing the strong points and overcoming the weak points and to the overall and healthy development of the socialist market economy. Therefore, to strengthen and perfect macroeconomic regulation and control, it is necessary to bring the initiative of both the central and local authorities into play and draw a clear demarcation line between the powers of central and local authorities in carrying out regulation and control. However, the central authorities should have the concentrated power of making

macroeconomic policy decisions which concern the national economy and the people's livelihood.

The question as to what to regulate and what to control in the macroeconomic field is not merely theoretic but also a question of the existing policies and practical work. To put it in a nutshell, the state should correctly work out and adopt the following macroeconomic regulation and control policies.

**Planning policy.** The replacement of the structure of planned economy by the market economy structure does not mean to abolish state planning. Rather, it means to gradually replace the highly centralized and mandatory planning with planning characterized by providing guidance and policies. The main points of the state planning in a socialist market economy are to: Rationally put forward the strategic objective for national economic and social development; do a good job in economic prediction, general regulation and control, and overall planning for the distribution of major structures and productive forces; concentrate necessary financial and material resources on construction of major projects; and to make use of the economic levers in a comprehensive way to promote a sustained, steady, and harmonious development of the national economy as a whole. The socialist market economy can be interpreted as one in which the market plays a basic role in the allocation of resources under the macroeconomic regulation and control of the state. Planning is still an important state means of carrying out regulation and control. According to this understanding, it seems that we may as well interpret the socialist market economy as a planned market economy.

**Financial policy.** This is the main means and channel for the state to carry out macroeconomic regulation and control. By means of financial revenue and expenditure, the state is able to regulate the relations between general social supply and demand and also to regulate the economic and regional structures. At present, the main financial problems of our country are: Because of the inefficient levies, the state has suffered great losses of tax income; because of the disharmonious financial relations between central and local authorities, the growth of the central authorities' revenue has lagged behind the growth of the national economy and has become more incapable of suiting the needs of macroeconomic regulation and control; because of the indistinct demarcation line between the running expenses and expenses for construction, the utility rate of funds has dropped; and because of the confusion in the state's financial and social administrative functions and the enterprise owners' management functions, excessive administrative means have been used to interfere in the operations of enterprises. The fundamental methods for solving these problems are to: Carry out reform of the financial and tax systems and adopt a unified tax system for enterprises; adopt the system of tax payment with a percentage of profits toward the state-owned enterprises and strengthen supervision and management over the enforcement of tax laws; adopt the revenue-sharing system and increase the proportion of central tax revenue; adopt the system of double-entry budget and correctly handle the relations between the

problem of food and clothing and the problem of construction; and to draw a strict demarcation line between the social management functions of finance and the management functions of state-owned assets. It is also necessary to gradually increase the proportion of national revenue in the GNP and the proportion of central revenue in the entire national revenue through reform. Without a substantially sound financial foundation, the state, especially the central authorities, will be unable to effectively strengthen and improve macroeconomic regulation and control.

**Monetary policy.** This is a means and measure the state often uses in macroeconomic regulation and control. The state has to exercise control over the total money supply, general credit and investment scale, and total volume of imports and exports by implementing credit, interest rates, exchange rates, and other monetary policies and measures so that it can have positive influence on and correctly guide the microeconomic actions of enterprises. At present, the main problems in this field are: The functions of the central bank have not been made clear and it does not have the proper authority; the policy functions of banks are confused with their commercial functions, leading to the distortion in monetary affairs; the affairs of local banks have been excessively interfered in by the governments at various levels; and the double-track system in foreign exchange rates has brought about many problems in import and export trade. The fundamental methods for solving these problems are to: Speed up reform of the monetary system and establish a system whereby the central bank implements the monetary policy independently under the leadership of the State Council; establish a structure of coexistence for all kinds of monetary institutions, with the state's banks for implementing policies and commercial banks as the main body; establish a unified, open, orderly, and well supervised monetary market system; and to gradually apply a free exchange rate system. It is also necessary to make great efforts to overcome all kinds of confusions appearing in the monetary market over the past year so that a smooth progress of monetary reform can be ensured.

**Policy on distribution of income.** To shake off poverty and reach common prosperity is an essential demand of the socialist system and a symbol of successful economic structural reform. In the distribution of income, it is necessary to solve the following problems properly. First, the problem of personal income. Generally speaking, the problem of egalitarianism in the distribution of personal income has not yet been fundamentally resolved. As a result, labor productivity still stands at a low level and phenomena, such as unfair distribution and irrational expansion of the gap between rich and poor, have appeared. Second, the problem of regional differences. The main problem is that the gap between the southeast coastal areas and the inland, remote, and border areas in economic development and per capita income has been widening day by day. If we do not pay great attention to this trend and adopt the necessary measures, the problem will become more serious. Third the problem of differences between town and country. In recent years, the differences between city and town residents and the peasants, which were once reduced during reform and opening up, have gradually increased. The differences between their

incomes have gone back to the state during the initial stage of reform and opening up. It will be a long-term task for us to solve all these problems. We must not be impatient for quick results but must adopt necessary policies and measures to gradually solve the problems. Otherwise they may further develop and become unfavorable factors for economic development and social stability.

The policy of macroeconomic regulation and control under the socialist market economy should also include the industrial policy, the price control policy, the policy on infrastructure construction, and the policy on management of assets. The industrial policy is of especially great importance to a country advancing toward modernization. By working out the industrial policy, the state will offer investment guidance for the enterprises, speed up industrial readjustment and transformation, modernize the industrial structure, and rationalize regional industrial distribution. Price control is also a function of the state. Especially, under the current situation when price relations have not yet been rationalized in our country, price reform should be carried out in an orderly and step by step manner under state control. Otherwise, disorder can easily appear in the economic field. In the future, even when price relations are basically harmonized, the prices of certain special commodities, which have a bearing on the entire society, should also be directly regulated and controlled by the state. For example, the state may set protective prices for certain agricultural products or set a limit to the prices of certain monopolized products. Infrastructure construction, such as the construction of major communication and telecommunications projects and the public utility projects in the cities, should be carried out mainly with state investment or the funds raised through various channels with the assistance and support of the state, because their investments are usually large and the construction periods are long. Ownership and operational power should be separated in the management of state assets. The state-owned enterprises are independent commodity producers but, in the final analysis, the state is the owner. Therefore, the state's macroeconomic management should also include management over the final ownership.

## V.

The market economy is also under the legal system. A socialist market economy structure cannot be established and perfected without a perfect legal system. We must establish a complete and coordinated legal system and use all kinds of laws and regulations to ensure the openness and fairness in economic activities, protect the rights and interests of both producers and consumers, and readjust, condition, and guide various main bodies in the market economy and their mutual relations.

**Judging from China's current practice in establishing a socialist market economy structure, the construction of the legal system is still a weak link.** The socialist economy is a market economy. This is already a concept generally accepted by the people but the socialist market economy is also an economy under the legal system. This may not be observed by everybody. Some people think erroneously that, to develop a market economy, they can ignore laws and regulations and do whatever they want to do so long as they

can make money from it. For this reason, they have taken risks and been caught by the law. In some places, smuggling has become rampant. In some places, the selling of fake and inferior products has not been checked. Instead, it has been encouraged and protected. As a result, fake and inferior products can be seen everywhere in the market. At present, many problems existing in the macroeconomic field have direct or indirect relations with the illegal practices of the main bodies of economic operations, such as tax evasion, arbitrary financial apportionments and collection of funds to the neglect of regulations, and indiscriminately offering loans, as well as the practices of abusing power to seek private gain and exchanging power for money. All this has seriously undermined the order of socialist economic operation. We must emphasize that without the conditioning and guidance of laws and regulations, there will not be a solid foundation for all kinds of main bodies of economic operation and the socialist market economy and the movement of the national economy as a whole will certainly be thrown into confusion. Therefore, all economic operations should be brought into line with the legal system. Only when there is a good foundation of legal system can the market economy operate in an orderly and effective manner and can macroeconomic regulation and control be carried out similarly.

**At present, it is necessary to accelerate the pace of legislation and establish and perfect a legal system to satisfy the needs of development of a socialist market economy.** From now to the end of this century, with the formation of a framework of the socialist market economy structure, it is also necessary to establish a basic framework of legal structure to suit the development of socialist market economy. Within this framework, there are many laws to enact but, most basically, there are the following: First, the laws for standardizing operations of the main bodies of the market economy, such as the company law, the law on enterprises in partnership, and the cooperative law. Second, the laws for standardizing market operations, such as the antimonopoly law, the law on unfair competition, the securities law, the real estate law, the accountss law, the economic arbitration law, and the law on protecting the rights and interests of consumers. Third, the laws for standardizing the government's macroeconomic management, such as the budget law, the banking law, the taxation law, the planning law, and the foreign trade law. Fourth, the laws for social insurances and guarantee, such as the labor law, the insurance law, and the social guarantee law. Fifth, the laws for the governments to perform administrative duties according to law, such as the public servants law, the law on government organizations, and the state indemnity law. It is necessary to accelerate the pace of drafting and perfecting these laws.

**While accelerating the pace of legislation, it is also necessary to make great efforts and be determined to strengthen supervision over the enforcement of laws.** Supervision over the enforcement of laws is a weak link in China's legal construction. The facts that laws are not observed or strictly enforced and the lawbreakers are not investigated and punished are the environmental conditions for the existence and spread of the economic disorder. In the future, a major task for China's legal construction is to establish a series of strict,

scientific, and complete systems for carrying out supervision over the enforcement of laws. It is necessary to make clear that the enforcement of each law is supervised by a relevant department. The law enforcement departments should be given the necessary authority and the quality of law enforcement personnel should be improved. The judicial departments should be granted the power of independently handling and trying cases. Illegal administrative interference in the judicial departments should be prohibited. It is necessary to encourage honesty in performing official duties among the law enforcement personnel, so they can correct themselves before correcting the mistakes of others. It is difficult to do a good job in all these aspects. It requires the common efforts of the relevant legislative, administrative, and judicial departments. We must make up our minds and make great efforts to do our jobs well so that our socialist market economy can become an economy under the legal system, in which there are strict and definite laws, well-implemented decrees, standardized operations, and orderly movement.

## VI.

In order to speed up and intensify reform and smoothly establish a new structure which is full of vigor and vitality, we must also pay attention to the following characteristics of China's socialist market economy in the course of growth.

**First, the characteristic of unevenness.** In order to establish a structure of socialist market economy, it is necessary to establish a unified nationwide market and open up and expand the international market. The allocation of resources should accord with the demands of the economic laws not only in the microeconomic field but also in the macroeconomic field. Only thus can we achieve the best possible results. In the primary stage, because of the uneven economic development and different paces of market development in various areas, regional markets were usually formed on the basis of administrative areas and there were also great differences among them in their degree of maturity. Judging from the overall situation, markets were formed earlier in the developed areas because their level of economic development was higher and their market mechanism was more mature than the other areas. Objectively, they demanded to break through regional and market barriers and export their products and technology, as well as major means of production, including funds, technology, and talent, to the underdeveloped areas. At the same time, the underdeveloped areas also needed to speed up their economic development by introducing funds, technology, and products from the developed areas. Only thus can the regional markets gradually develop into a unified nationwide market. At present, the developed areas are exporting more products than funds and technology to the underdeveloped areas. On the contrary, they have absorbed large sums of funds and technical forces from the underdeveloped areas to speed up their own development. Thus, the gap between the two areas has been further widened. To avoid this, some underdeveloped areas have resorted to the method of administrative protection and imposed restrictions on the export of their local major productive elements and the import of products from other areas. This is

detrimental to the formation and development of a unified nationwide market. This contradiction is now also comparatively sharp among certain developed areas.

**Second, the characteristic of immaturity.** At present, China's market economy has developed to a certain extent. The role of market mechanism has been increasing and there is a certain basis for the building of a market system. However, judging from the overall situation, the organizational form and structure of the market are still too simple in the current stage. The means of transaction are backward and the rules and regulations are imperfect, unable to satisfy the needs of economic development. Especially, the development of the capital goods market is too slow and the construction of the markets of various major productive elements has just started. Therefore, distortion has often appeared in the course of economic operation. The normal operation of the market also needs the aid of large numbers of intermediary and self-disciplined social organizations. The intermediary organizations include accounting firms, auditing firms, settlement organs, arbitration organs, information and consultation institutions, and brokerage companies. They mainly play the roles of media, conduction, service, and harmonization in the market economy. The self-disciplined organizations, such as trade associations and commercial chambers, will assist the government in resolving economic disputes and play the roles of standardizing enterprise performance and providing technological information and consultations. At present, there are insufficient intermediary and self-disciplined organizations in China and their quality is insufficient. If this situation is not changed, the market economy will be unable to operate smoothly, efficiently, and in good order.

**Third, the characteristic of being unstandardized.** The socialist market economy is a standardized economy of fair competition. Enterprises in various economic sectors form the main body of the market. Their operational mechanism should be suited to the market mechanism. At present, the conditions for competition among the various economic sectors are unfair. This is especially prominent in certain fields. The reason for this unfairness is that we have not worked out different economic policies for the different economic sectors. The unfairness is especially prominent within the same trade. The similar products produced by the enterprises in different economic sectors are treated differently by different economic policies. This also runs counter to the policy of encouraging long-term and common development of various economic sectors with the sector of public ownership as the main body and the state-owned sector in the lead. It is detrimental to mobilizing the initiative of various economic sectors and changing the operational mechanism in state-owned enterprises.

Having a good knowledge and understanding of the above-mentioned characteristics, we will be able to gain a more profound understanding of the long-term nature, complexity, and the arduousness of our economic structural reform and really regard the establishment of a socialist market economy structure as a huge and systematic project. Only thus can we be bold in exploration and practice and seize the opportune time to intensify our reform. Only thus

can we pay attention to summing up our experiences in good time to avoid big mistakes and serious losses and successfully carry out this great revolutionary transformation through to the end.

### Reportage on Zou Jiahua's Activities 2, 3 Nov

#### Opens Beijing-Shijiazhuang Road

OW0311141093 Beijing XINHUA in English 1354  
GMT 3 Nov 93

[Text] Beijing, November 3 (XINHUA)—The Beijing-Shijiazhuang express highway opened to traffic today.

Vice-Premier Zou Jiahua cut the ribbon and presided over a ceremony officially declaring the expressway open.

The 269.6-kilometer Beijing-Shijiazhuang highway stretches from Liuliqiao in southern Beijing to Shijiazhuang city, capital of north China's Hebei Province, with a 45.6-kilometer section in the municipality of Beijing and 224 kilometers in Hebei Province.

It is also one section of State Highway 107, which runs from Beijing to Guangzhou and Shenzhen.

The section of the expressway in Hebei Province opened to traffic on October 17.

Now with the opening of the Beijing section of the expressway, it will take just over two hours to complete the trip from Beijing to Shijiazhuang.

The construction of the expressway started in April 1986.

Chen Xitong, secretary of the Beijing municipal party committee, also attended the ceremony.

#### Opens Beijing Petroleum Exchange

OW0311124893 Beijing XINHUA in English 1128  
GMT 3 Nov 93

[Text] Beijing, November 3 (XINHUA)—The Beijing Petroleum Exchange opened today as Vice-Premier Zou Jiahua cut a ribbon to mark the opening and beat a gong to mark the beginning of trading.

Business people traded 102,000 tons of crude oil and petroleum products in the morning, to the tune of 160 million yuan (about 27.4 million U.S. dollars).

The exchange is being run jointly by the Beijing municipal government, the China National Oil and Gas Exploration and Development Corporation, the China Petrochemical Corporation and the China National Offshore Oil Corporation.

Its first group of 30 members include oil producers, refineries and traders as well as financial institutions and companies investing in the petroleum industry.

The exchange has formulated rules and regulations governing trading, accounting and dispute arbitration, and has installed a computerized trading system and communications facilities.

It is the second petroleum exchange in China. The first is in Shanghai.

Economists in Beijing agree that the opening of the new exchange will help the city enliven its economy and help businesses to adapt to a market economy, and will facilitate the establishment of more standard commodity exchanges.

### **Beijing Petroleum Exchange Opens 3 Nov**

*HK0411075593 Beijing CHINA DAILY in English 4 Nov 93 p 2*

[by staff reporter Chang Weimin: "Beijing Exchange Opens for Oil Trading"]

[Text] The Beijing Petroleum Exchange opened yesterday.

The exchange will be run by the China National Petroleum Corporation (CNPC), the China Petrochemical Corporation, the China National Offshore Oil Corporation and the Beijing local authorities.

The long-awaited exchange, expected to be developed into a futures market before long, will pave the way for big changes in the oil industry, an official from CNPC said.

Wang Tao, CNPC's president, said early this year that the country is likely to free oil prices within the next three years.

The central government has allowed prices of oil pumped by certain small oilfields, and also some large oilfields, to fluctuate to market levels.

However the oil constitutes only a very small portion of the country annual output of 140 million tons.

Sources in the oil industry have indicated that big steps to reform the existing oil pricing system will be taken in 1994.

Prices of oil, which accounts for 20

of energy consumption in the country, have been controlled by the central government for decades.

The prices now fall into three levels—official, State-set preferential, and free market. The lowest stands at 200 yuan (\$34.5) per ton and the highest at 1,370 yuan (\$236) per ton.

It is hard to predict what amounts of oil and oil products will be traded on the Beijing exchange the CNPC official said.

But the exchange equipped with computerized systems, will certainly provide important data on oil price to the central government for making decisions on reform of the pricing system, he added.

The exchange now has 56 enterprise members, including the country's major oilfields, petrochemical plants and trading firms.

The official expressed confidence in the future of the exchange as it has the advantages of being located in the country's political centre and not far from large oilfields.

Most of the country's 21 oilfields are concentrated in the north.

Several other oil exchanges exist in other cities, such as Shanghai, Nanjing in Jiangsu Province and Daqing in Heilongjiang Province.

Except for the Shanghai exchange, their function are limited to the local region.

A senior official from CNPC, who asked to remain anonymous, said competition between the exchanges in Beijing and Shanghai would be healthy for developing a national market.

A senior official from the Shanghai exchange, which was established in May this year, said some 3.5 million tons of oil products and more than 100,000 tons of crude oil have been traded there so far.

### **Oil Company Increases Output Through Development**

*HK0211010493 Beijing RENMIN RIBAO in Chinese 26 Oct 93 p 2*

[By reporter Fei Weiwei (6316 0251 0251): "Western South China Sea Petroleum Company Is Capable of Yielding 1 Million Tonnes of Crude Oil a Year"]

[Text] The Western South China Sea Petroleum Company, which was the first in China's offshore petroleum industry to seek foreign cooperation, now not only has the ability to independently prospect and manage offshore oil fields, but also has the ability to independently develop and build them, as well. Recently, the Wei-11-4 oil field they developed and built independently according to international standards was officially put into production, and the company's annual crude oil production capacity was raised sharply, from 300,000 to 1 million tonnes. This marked the great achievements made by Western South China Sea in adhering to the "double track" policy of combining foreign cooperation with independent prospecting and development.

In order to use foreign funds, technology, and equipment to quicken the pace of prospecting and developing offshore oil and gas fields, since 1979, Western South China Sea has signed 21 successive contracts and agreements with 26 foreign oil companies from 10 countries. The foreign funds involved in the agreements and contracts amounted to \$956 million. They drilled a total of 21 prospecting wells and discovered six oil-gas fields. In particular, Western South China Sea cooperated with Arkor [a ke 7093 4430], a U.S. company, in prospecting and developing the Ya-13-1 gas field, which has geological reserves of 100 billion cubic meters. After it is put into operation on 1 January 1996, its annual natural gas output will reach 3.45 billion cubic meters, and steady output may be maintained for 20 years.

While making constant efforts to improve foreign contracts, Western South China Sea also attaches importance to independent prospecting and development. They invested the funds earned from undertaking external service contracts to promote independent prospecting. They introduced and digested 195 advanced foreign technologies, and imported 1,789 sets of advanced equipment. By applying technology and equipment reaching advanced international levels, as well as advanced management experience learned from foreign cooperation, they independently created earthquake surveying lines, drilled prospecting wells, and discovered six oil and gas fields and a number of oil and gas geological

structures of development potential. The Wei-11-4 oil structure was discovered independently by Western South China Sea. Through foreign cooperation, they relied on foreign funds and technologies to drill assessment wells to prove the oil field. However, two foreign companies held that the structure had no development value and discarded it. Western South China Sea constantly relied on its own strength to seek development, and used the oil storage facilities of neighboring oil fields and other production facilities to lower production costs. Through three years of efforts, they not only built the oil field, but also discovered new geological reserves and opened up a new road for developing marginal offshore oil fields through progressive development.

By persisting in carrying out the "double track" development principle, great achievements were made in the development of the oil and gas reserves in the western part of the South China Sea. By the end of last year, Western South China Sea had made a total investment of \$1.54 billion, collected geological data on an area of 200,000 square km, drilled 157 wells, discovered nine oil fields and 160 million tonnes of crude oil reserves, and discovered three gas fields and 1,600 billion cubic meters of natural gas reserves. At present, the oil company's annual crude oil output exceeds 1 million tonnes. Its annual productive capacity will reach 2 million tonnes in 1998, and steady production will be maintained for 10 years. At the same time, the gas production zone in the western area of the South China Sea will achieve an annual output capacity of 21 billion cubic meters by the year 2007.

**State 'To Tilt' Overseas Investment Inland**  
*OW0411084093 Beijing XINHUA in English 0601  
GMT 4 Nov 93*

[Text] Lanzhou, November 4 (XINHUA)—China plans to tilt its policy of utilizing overseas investment in favor of inland provinces and remote regions in the years to come.

At a just-ended conference on using overseas capital, which was attended by officials from 11 provinces in northwest and southwest China, XINHUA learned that the central government will give priority to inland and remote provinces in the use of foreign investment in the next two years and during the Ninth Five-Year Plan (1996-2000) Period.

The move is aimed at stimulating and speeding up reforms and opening drive in the less-developed regions.

Over the past 14 years China has established investment and credit relations with some 20 countries. The main form of using foreign capital has been the absorption of commercial loans and loans provided by foreign governments and international financial organizations.

To date, domestic capital and overseas investment have benefited more than 350 infrastructure and basic industrial projects, among which over 70 large- and medium-sized projects have been completed and achieved good results.

The new policy is expected to inject vitality into the economic take-off in the inland and remote provinces, which are demanding more and more capital for infrastructure programs.

**Foreign Investment Permitted in Entertainment**  
*OW021110793 Beijing XINHUA in English 0847  
GMT 2 Nov 93*

[Text] Beijing, November 2 (XINHUA)—China now permits foreign investment in the operation of dance halls, karaoke bars and other recreational spots, according to a regulation published here this month.

"The Culture Ministry will directly approve such ventures if they have already registered at the Ministry of Foreign Trade and Economic Cooperation and the State Administration for Industry and Commerce," a new regulation on commercial dance and music halls states.

However, the regulation, worked out by the Culture Ministry, bans any pornographic services at the spots.

It also stipulates that no customers under the age of 18 would be allowed entry, and strong alcohol can not be sold.

Overseas singers and dancers can stage commercial performances at these venues, but only with the approval of the Culture Ministry and a licence given by a regional cultural department.

To open a dancing or karaoke hall, the owner must obtain a certificate to run the business from the cultural department, a security qualification certificate from the police department and a business licence from the administration for industry and commerce.

Those who violate the regulation may be penalized.

**Foreign Funds Finance Southwest Power Projects**  
*OW031113793 Beijing XINHUA in English 1059  
GMT 3 Nov 93*

[Text] Guiyang, November 3 (XINHUA)—Foreign capital has become a main source of funding in the power projects in southwestern China, which is set to become the main power supplier to not only the power-short eastern coastal regions but also some Southeast Asian countries.

According to statistics, the region, which is made up of Sichuan, Yunnan, Guizhou and Guangxi, has used several billion U.S. dollars from the World Bank, the Asian Development Bank and foreign governments to exploit its rich water power resources since 1984.

This includes the 3.3 million-kw [kilowatts] Ertan Hydroelectric Power Project in western Sichuan Province, which is estimated to cost 20 billion yuan (about 3.45 billion U.S. dollars). Up to the present 740 million U.S. dollars from the World Bank have been used.

Another major power project is the gigantic Longtan Powerstation, the second largest after the planned Three Gorges Project. The state has already approved the use of a 1.3 billion U.S. dollar loan from the World Bank.

The series of preferential policies offered by the region have also attracted a number of power firms from other countries.

The National Power Bureau of Thailand signed an agreement in June this year with Yunnan Province for cooperation in developing the water power of the Lancang River so as to supply electricity to Thailand.

Hong Kong firms have signed three joint venture contracts with Sichuan Province and two other firms, one from Hong Kong and another from the United States, have signed letters of intent for establishing power joint ventures in Guizhou Province.

Guizhou Province also plans to develop the 510,000-kw Hongjiadu Power Station by using a 200 million U.S. dollar loan from the World Bank.

Quite a number of other foreign delegations and experts are flocking to the region to explore the possibilities for cooperation.

China began to use foreign capital to develop the water power resources in the southwestern region in 1984, which a loan of 145 million U.S. dollars was provided by the World Bank for building the Lubuge Hydropower Station.

Since then, foreign capital has kept flowing into the region, either as low-interest loans or as shares of investment in joint ventures.

China used to depend on the state appropriation in building power projects and construction of power plants was monopolized by the state power departments. With the rapid development of the national economy, the demand for power has shot up and the state's financial resources are too limited to meet the demand.

"That accounts for the lag in power construction in China," said Zhang Quan, a senior economist of the China Energy Investment Corporation. "It is necessary to use both the internal and external financial resources in order to develop the rich energy resources in southwest China, which has a water power reserve of 194 million kilowatts, accounting for 57 percent of the country's total, in addition to its 87 billion tons of coal reserves."

He said that the use of foreign capital, which has low interest rates and long maturity terms, will make up for the shortage of funds in China and lower the cost of electricity prices, constituting an important channel for accelerating the construction of power industry of China.

### Southern Areas Cooperate in Power Industry

OW0211100393 Beijing XINHUA in English 0731  
GMT 2 Nov 93

[Text] Guiyang, November 2 (XINHUA)—China's southern areas, comprising Guangdong, Guizhou and Yunnan provinces and the Guangxi Zhuang Autonomous Region, have joined efforts to generate more power for the economically booming coastal areas.

Sources at the South China Joint Hydropower Company, established in 1988 by the four partners and the State

Energy Investment Company under the Ministry of Energy Resources, said that, starting last July, a 500-kv electric current reached Foshan city in Guangdong Province from the Tianshengqiao Power Plant on the Hongshui River in Guangxi.

Liang Hanchao, general manager of the joint company, said that the coming into operation of the first-phase project of the Tianshengqiao Power Plant shows that the electric power network in southwest China has been connected to the power network of southern China.

The economic boom in the coastal areas brought about a power shortage, which in turn began to affect its economic growth. This was one result of the tightly-planned economy in the past, when each province and autonomous region developed its own power industry without cooperation with any of the others.

Meanwhile, the huge power potential in the southwest, which is relatively underdeveloped, could not be tapped single-handed due to a lack of funds, experts said.

That situation began to change following the establishment of the joint company, which aims to utilize the hydropower and other power potential on the Hongshui and Lancang rivers.

So far, hydropower projects under construction or ready to be constructed with joint investment include the Tianshengqiao Hydropower Plant, with a total capacity of 2.52 million kw, and the Longtan Power Plant on the Hongshui River, with a total capacity of 5.40 million kw.

In addition, three major 500-kv electricity transformer and transmission lines were installed last year from Guiyang, capital of Guizhou to Tianshengqiao, Manwan to Kunming, capital of Yunnan and from Tianshengqiao to Foshan in Guangdong. Another two lines to transmit electricity from Tianshengqiao are expected to be completed by 1996.

Meanwhile, part of the Panxian County Thermal Power Plant in Guangxi, with a total capacity of 600,000 kw, will start operation this year and construction of another hydropower plant in Yunnan, with a total capacity of 4.20 million kw, is expected to be started this year.

Officials say that by 1996 the capacity of electricity to be transmitted to the east coast region is expected to increase to 4.50 million kw from about 900,000 kw at present.

"We have a huge electricity power market in southern China," Liang said. "The economic boom in the coastal areas has imposed huge demands on the power supply. After 1997 we may install an electricity transmission line from the Daya Bay Nuclear Power Plant to the joint power supply network of Shenzhen and Hong Kong."

Overseas investors from France, the United States and Hong Kong are showing great interest in helping develop the power potential of China's southwest, according to Liang.

**Yantai Attracts 'Current' of Foreign Investment**

*OW031112493 Beijing XINHUA in English 1055  
GMT 3 Nov 93*

[Text] Yantai, November 3 (XINHUA)—An economic and technological development zone in this coastal city in east China's Shandong Province is attracting a strong current of foreign investment.

According to statistics, business people from 24 countries and regions had opened 446 foreign-funded enterprises with contractual investment totalling 1.16 billion U.S. dollars by the end of September this year.

An official in charge of the zone attributed the good result to the zone's ideal geographical location and improved investment conditions.

Founded on a 30-sq-km wasteland eight years ago, the development zone has built workshops and office buildings equipped with water and power supplies as well as transport and telecommunications facilities on ten sq km.

According to the official, many leading foreign companies have shown interest in setting up high-tech enterprises in the zone, and enterprises from other parts of the country have also set up businesses there.

A survey report shows that 30 percent of the registered foreign-funded enterprises have already gone into operation.

To encourage the setting up of research institutions in the zone preferential policies are in place to attract scientists.

**Bo Yibo's Son's Firm Runs Joint Venture Hotel**

*OW0311150093 Beijing XINHUA in English 1440  
GMT 3 Nov 93*

[Text] Beijing, November 3 (XINHUA)—A private management company has taken over the management of the Tiantan luxury hotel in downtown Beijing.

The hotel is a Sino-foreign joint venture that used to run at a loss because of poor management.

Liuhexing Management took over administration of the hotel last September and has steered it into profitability in the past year. It was the first time in China for a privately-owned company to take over the management of a Sino-foreign joint-venture hotel.

One of the four directors of the private company is Bo Xicheng, former director of the tourism bureau of the Beijing municipal government and the elder son of former Chinese Vice-Premier Bo Yibo.

The company has also stepped in to manage three other luxury hotels in the cities of Harbin, Anshan and Handan in north and northeast China.

**Chambers of Commerce Play 'Major Role'**

*OW0311133693 Beijing XINHUA in English 1321  
GMT 3 Nov 93*

[Text] Beijing, November 3 (XINHUA)—China's commercial chambers of importers and exporters have been playing

a major role in promoting the country's import and export business, a senior trade official said here today.

China has set up seven commercial chambers of importers and exporters including the China International Contractors Association and those for metals, minerals and chemicals, for machinery and electronics products, for medicines and health products, for textiles, for light industrial products and art crafts, and for foodstuffs, native products and animal by-products.

Miao Fuchun, spokesman for the Ministry of Foreign Trade and Economic Cooperation, said here today that over the past five years, such commercial chambers, which are designed to coordinate and provide services for the enterprises involved in imports and exports, have been playing a bigger and bigger role in enhancing the country's imports and exports.

He said that as the country further deepens reform and opening up, the chambers will be more important for maintaining the order of normal trade, protecting interests of the country and the enterprises, and promoting trade ties with foreign countries.

With over 3,000 member enterprises and 63 branches, the commercial chambers have made 87 sets of regulations for individual products and dealt with 50 anti-dumping cases, through which they retrieved losses of hundreds of millions of U.S. dollars.

Meanwhile, the chambers have also organized some 700 member enterprises to participate in exhibitions and fairs in 58 countries and regions. They have established business ties with economic and trade organizations of nearly 70 countries.

Leaders of such chambers said here today that they will make great efforts to push forward the legislation for the chambers while exercising their coordination and service functions better.

**Financial Affairs Inspection Progresses 'Smoothly'**

*HK0211133593 Beijing RENMIN RIBAO in Chinese  
22 Oct 93 p 1*

[By Chai Jian (2693 1017): "Nationwide Inspection of Financial Matters, Taxation, and Commodity Prices Progresses Smoothly; Cases of Discipline Violation Involving 3.476 Billion Yuan Discovered in First Nine Months of This Year"]

[Text] Under unified planning by the State Council, a national inspection of financial affairs, taxation, and commodity prices has progressed smoothly and has achieved phased results. Having ended its self-inspection stage, the national inspection work has entered the stage of selective inspection.

According to statistics, by the end of September 1993, cases of discipline violation involving 3.476 billion yuan had been discovered and 54.09 percent of the supplementary 2.069 billion yuan which ought to be handed over the state treasury, or 1.119 billion yuan, had been turned over. Of the 3.476 billion yuan amount that was verified in violation of

discipline, 88.5 percent, or 3.075 billion yuan, belonged to the enterprises and units involved in the self-inspection scheme and 11.5 percent, or 400 million yuan, belonged to the enterprises and units under inspection.

By the end of September, 1,907,300 enterprises and units throughout the nation (including 6,117,300 individual industrial and commercial businesses) had carried out the self-inspection scheme, constituting 75.3 percent of the total number of enterprises and units involved in the scheme, and 478,500 such enterprises and units were verified in violation of discipline, constituting 25.09 percent of the total number; 63,300 enterprises and units (including 27,110 individual industrial and commercial businesses) had carried out the selective inspection scheme, constituting 2.5 percent of the total number of enterprises and units involved in the scheme, and 29,600 were verified in violation of discipline, constituting 46.7 percent of the total number.

The development of national inspection work is very imbalanced. In some localities and departments, the self-inspection work was not carried out very conscientiously and in some localities only about 5 percent of enterprises and units involved in the self-inspection scheme were verified in violation of discipline. Some enterprises and units have not carried out the self-inspection work, and in some localities, only 60 percent of such enterprises and units have completed the work. The National Inspection Work Office stipulated: Those that have not carried out the work or have done it in a perfunctory manner should be regarded as selected targets of inspection without exception. Efforts should be stepped up to collect and to turn over to the state treasury those funds verified as being in violation of discipline so that the results of the national inspection work are manifested in increased financial revenues. Financial departments at all levels, national inspection work offices, and work and inspection teams dispatched by governments at all various levels should strengthen inspection and supervision of the collection and handing over to the state treasury of the funds in violation of discipline so as to ensure that the funds will be handed over to the state treasury while they are being investigated and verified.

In the last few days, the State Council sent 10 work teams to 20 provinces, municipalities, and autonomous regions to promote and help localities do a good job in the selective inspection work.

#### Policy Banks To Be Established in 1994

HK0211124393 Hong Kong WEN WEI PO in Chinese  
2 Nov 93 p 2

[“Special interview” by trainee reporter Yang Fan (2799 1581): Policy Banks Are To Be Established Next Spring—Interviewing Qin Chijiang, Director of Financial Research Institute Under the People’s Bank of China”]

[Text] Beijing, 1 Nov (WEN WEI PO)—When interviewed by this reporter, Qin Chijiang, director of the Financial Research Institute of the People’s Bank of China, predicted

that as an important move in China’s financial structural reform, three major policy banks will be established in the spring of 1994.

According to his briefing, the three policy banks are the Long-Term Credit and Development Bank, the Import and Export Bank, and the Agricultural Bank. The Long-Term Credit and Development Bank will be chiefly responsible for providing funds for the basic industries and construction projects—including energy, communications, and others—on which the government focuses its development and support. The Import and Export Bank will mainly provide funds guaranteed by the government for the export of domestic products and import of essential materials and equipment. The Agricultural Bank will mainly provide government loans to outlying and impoverished areas to ensure funds for agricultural development and agricultural product procurement. The head office of the Agricultural Bank of China will transfer a portion of its funds to this Agricultural Bank.

#### The Overheated Economy Accelerated the Establishment of Policy Banks

The proposal for establishing policy banks was made as early as five years ago. It was written into the new structural reform plan around July and August this year, and pertinent regulations, organizational structure, and division of business were covered in this plan. Qin Chijiang pointed out: Since last year, an overheated economy has emerged in some areas—with substantial amounts of funds flowing into real estate, stocks, development zones, and so on—but the principal targets of investment for policy considerations—including agriculture, energy, communications, and other basic industries—were lagging behind, aggravating the “bottleneck” phenomena, which have restrained economic development. The government now uses economic and administrative means to exercise macroeconomic regulation and control. This is aimed precisely at eliminating overheated economic phenomena so as to ensure the development of basic industries and key construction. It can be stated that the negative influence of economic growth some time ago highlighted the importance and necessity of the policy-related business, and that the macroeconomic regulation and control, an economic means replaced by the administrative means of the government, has accelerated the establishment of the policy banks.

Moreover, only by establishing the policy banks can the transformation of specialized banks to commercial banks be achieved. The present specialized banks have double duties—they have to carry on commercial business; at the same time, they have policy-implementing functions, as well. There are conflicts between these two duties. If the policy-related business is not separated from the commercial business, it will be impossible to carry out the reform of transforming specialized banks into commercial banks.

#### Policy Banks Will Contribute to Checking Inflation

In his opinion, the policy banks also can avoid tangling up the financial budget and money supply of the central bank. Without policy banks, expenditures may exceed the budget

owing to overexpanded investment and so require an overdraft from the central bank, thus leading to excessive money supply. This is also one of the major causes for the inflation this year. After the establishment of policy banks, various banks can attend to their own duties without mutual intervention. On the one hand, funds for the state's key construction projects can be guaranteed by the policy banks, which will form a benign cycle; on the other hand, the central bank can control the volume of currency issuance by itself, without being restricted by financial departments, so that funds in the market can form a benign cycle too. Of course, in the course of establishing policy banks, there are still such issues as fund sources, scope of activities, and borrowers, among other things, which have yet to be resolved.

On the issue of fund sources, Qin Chijiang compared China to Japan, saying: The fund sources of the Japanese policy banks are mainly from financial surplus, postal savings, and personal or life insurance. In China, however, finances are tight, postal savings are used chiefly by the central bank, and personal and life insurance are not yet popular.

### **There Are Three Major Aspects for Tapping Financial Resources**

He is of the opinion that there are three sources of funds which can be opened up: 1) transferring railroad and energy investment in the government's financial budget; 2) issuing bonds by the state; and 3) granting a certain amount of loans by the central bank. A theoretical consensus has been reached on the former two points, but there are different views on the latter, as some people feel that the central bank may have fallen into a passive condition owing to endless demands.

In conclusion, Qin Chijiang said: Although there is still controversy over a few questions, it is imperative to establish the policy banks. The preparatory work is being accelerated and it is expected that the banks will be officially established in the spring of 1994. Following the gradual perfection of this economic means, the government's macroeconomic regulation and control will be even more powerful and everlasting.

### **People's Construction Bank Has 'Record' Savings**

HK041107539 Beijing CHINA DAILY in English 4 Nov 93 p 2

[By staff reporter Zhang Yuan: "Construction Bank Takes in Record Deposits"]

[Text] The People's Construction Bank of China has been enjoying a record high growth in savings deposits.

From July 11 to October 20 this year, the bank saw its savings deposits soar by 22.5 billion yuan (\$3.87 billion)—a 2.9-fold increase over the same period last year.

The sharp increase in savings deposits is attributed by the bank in part to a promotion campaign it has been running.

The campaign to attract 10 billion yuan (\$1.72 billion) in savings in 100 days was launched nationwide on July 11.

The move was designed firstly to rectify the bank's declining deposits in June; and secondly to collect more funds to finance key state construction projects.

"By the end of June, the Construction Bank saw a sharp drop in savings deposits," the official noted.

The bank's efforts have paid off as a result of newly-increased savings deposits by individuals during the 100-day period. The total figure more than doubled the original target of 10 billion yuan (\$1.72 billion).

The official stressed that two interest rate rises on May 15 and July 11 by the People's Bank of China—the country's central bank—are also major factors that have stimulated people to deposit their savings in banks.

The current annual interest rate is 10.98, compared with 7.56 and 9.18 before the two adjustments.

The interest rate increases were designed by the central government to cool down construction and other spending, to fight against inflation and declining bank savings.

In the first half of this year there was a threat to the steady growth of bank savings deposits. Factors causing the problem included: Disorder in the country's money markets and widely-spread issuance of different bonds with promised high interest rates by nonauthorized financial institutes and enterprises.

Savings deposits are an important source for loans to key state projects and the development of the national economy. The move to strengthen microcontrol of the economy by the central government has helped Chinese banks to attract more savings deposits.

The bank official said that growth of savings deposits has enabled the bank to guarantee the timely supply of funds to key state projects.

The bank is China's leading fund supplier to capital construction and plays an important role in financing key State infrastructural projects.

### **Banker Discusses Single Exchange Rate**

HK0311074793 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1036 GMT 29 Oct 93

[By reporter Shi Qingshan (2457 3237 2619)]

[Text] Hong Kong, 29 Oct (ZHONGGUO TONGXUN SHE)—Tao Liming, deputy director of the Bank of China International Monetary and Financial Institute, said: China may annul the official renminbi exchange rate and accomplish a limited degree of free conversion for the renminbi in day-to-day projects in due time next year.

Tao Liming pointed out at a symposium in Hong Kong a few days ago: Mainland China still adopts the dual-exchange rate system, but foreign exchange market rates are used to complete 80 percent of the total number of foreign trade deals. Moreover, market foreign exchange rates are used more and more frequently in nonforeign exchange transactions. Hence, as a matter of fact, the official exchange rate plays a much weakened role.

Tao Liming said: The renminbi exchange rate in China's foreign exchange market has kept falling over the past year or so. However, since last July, this trend has been curbed and replaced by a sustained and steady situation, which gives us quite a favorable opportunity to completely annul the official exchange rate in the next stage. Hence, it will be absolutely possible to annul the double track renminbi exchange rate system and replace it with a unitary floating exchange rate system in the foreseeable future.

Tao Liming predicted that, following the unification of the double-track exchange rate system, the Chinese Government would implement vigorous market regulation to maintain a stable exchange rate and the role of the central bank would be strengthened. Moreover, he said that relevant laws must be perfected to enable effective supervision.

### Economist Explains Tax-Sharing System

HK0211050493 Beijing LIAOWANG in Chinese No 43, 25 Oct 93 pp 18-19

[Interview with Ning Xueping (1337 1331 1627), president of the Financial Science Institute, by staff reporter; place and date not given: "Instituting Tax-Sharing System Does Not Mean Returning to Old Road of Centralized State Control Over Revenue and Expenditure"]

[Text] [LIAOWANG] It is known that these days, many people are unsure about the introduction of a multi-tier financial system characterized by the tax-sharing system. They erroneously think that by doing this, the central government is "taking back powers" and is about to backtrack to the old practice of "unified state control over revenue and expenditure." Some even say that, with the tax-sharing system, "apart from the central government taking back some major tax items, all the rest stays put." What is your opinion on this matter?

[Ning Xueping] I think that none of these viewpoints is complete. In other words, they are all misunderstandings. The purpose of our introducing the reform oriented to the tax-sharing system is to further standardize the distribution relationship between the central government and the local governments and strengthen the central government's macroregulation and control capabilities; to create conditions for the establishment of a unified system of socialist market economy; and to promote sustained and high-speed [chi xu gao su 2170 4958 7559 6643] development of the national economy on a coordinated and steady [xie tiao wen ding 0588 6148 4489 1353] basis.

[LIAOWANG] In that case, why do viewpoints vary on fully implementing the reform oriented to the tax-sharing system?

[Ning] As things stand now, this is largely due to the differences in understanding of unified state control over revenue and expenditure.

First, in terms of the institutional mode, "unified state control over revenue and expenditure" was a product of the highly centralized system of planned economy. Its prerequisite is that the whole society is a big factory and the

financial sector is the general logistic management department where all the revenues of state departments are concentrated and subsequently used in strict accordance with plans and arrangements. This is a supply-system mode which suited the traditional planned economy and is unified state control over revenue and expenditure in a true sense. This kind of unified state control naturally loses ground with the switchover from planned economy to market economy and it is impossible for the financial system to backtrack to this old practice.

Second, in terms of how the budget is managed, revenue and expenditure for all state departments are included in the financial budget and all revenue is to be remitted to the state treasury, while all expenditure is to be allocated by the treasury, with revenue and expenditure disconnected. This mode of management only applies to a low stage of economic development, which we transcended a long time ago, so we cannot possibly backtrack to it.

Third, in terms of the circulation of funds, the fund circulation in the relationship between central and local governments goes in two directions: Turnover of funds by local treasury to central treasury is called the upward movement of funds; and central treasury subsidizing local treasuries is called the downward movement of funds. When some comrades think that by instituting the tax-sharing system the previous practice of unified state control over revenue and expenditure will be restored, they are mainly referring to the change in the modes of fund circulation.

As we all know, an important feature of our existing financial responsibility system is that more money is delivered by local governments to the central treasury than the subsidies granted by the central government to localities, thus forming the mechanism for the upward movement of funds. In 1992, the central government revenue, plus turnovers from localities, minus institutionalized subsidies from the central government to localities, only accounted for 40.3 percent of the total domestic revenues calculated according to comparable items, while the remaining 59.7 percent was local revenue. In gross financial expenditure, the central government's expenditure (including deficit) was 31.3 percent and local expenditure 68.7 percent. This practice is unique in the world. It is also the reason why the central treasury was depleted for many years. In order to suit the needs of a market economy and strengthen the central government's macroregulation and control over the national economy, it is imperative that we change this abnormal situation and alter the mechanism of the upward movement of funds into that of a downward movement or, in other words, increase the percentage of central revenue in the gross national revenue to over 50 percent. In the meantime, specialized state tax organs are responsible for directly organizing the collection of taxes which should be delivered to the central government. Faced with this reform orientation, localities with different financial conditions have different thoughts. Those with good financial conditions, fearful that it may impair their vested interests and anticipated benefits calculated according to the original system, basically have little inclination to see any change in the existing state of affairs; localities with financial difficulties

yearn for reform in the hope that the reform will change their financial situation, though their expectations may be too high; and ordinary places basically adopt a wait-and-see attitude and prepare themselves for both possibilities, striving for benefits and avoiding damage. The statement that the tax-sharing system means backtracking to the old practice of unified state control over revenue and expenditure is, in the final analysis, because some localities are unwilling to change their existing financial systems.

[LIAOWANG] There are also some who believe that so far as China's national conditions are concerned, the conditions for implementing a standardized tax-sharing system are still absent. They suggest creating the conditions before implementing the reform.

[Ning] Naturally, there are certain conditions that the tax-sharing system needs but these conditions are relative and can be created through a gradual process. The quality of the conditions only affects the degree to which the tax-sharing system is standardized. Not all conditions are determinants of the destiny of the tax-sharing system. We believe that as long as the jurisdiction of the central government and that of local governments are roughly set apart; financial revenue is divided according to tax categories; financial expenditure is approved according to near-rational [jie jin he li 2234 6602 0678 3810] requirements; a relatively standard system for reimbursing tax and earmarking specialized funds is established; and tax organs are set up separately to collect and manage central taxes, community taxes, and local taxes, then the basic conditions for the reform in the direction of a tax-sharing system are in place and the reform can go ahead.

[LIAOWANG] It is known that currently, using tax-sharing to handle the relationship between the central government and the local government in financial distribution is a common practice in various countries around the world.

[Ning] Yes, but the institutionalized modes of standardized tax-sharing systems are not entirely the same. At present, there are two major modes in the world: One is the centralized mode, whose feature is that the centralized revenue of the central government is greater than the expenditure needed for the execution of its functions. This mode is represented by Japan. During the past 40 years, the structure of Japan's tax-sharing system has remained basically stable and the ratio of state tax to local tax has been kept at the level of 65:35, while the percentage of local expenditure in the national expenditure has registered 66 percent on average since the 1960's. This is quite high among major Western capitalist countries. The other mode is that of decentralization, whose feature is that the revenue centralized by the central government is roughly equivalent to the expenditure required for the execution of its functions and the central government's transfer payments to local governments are relatively small. This mode is represented by the United States. The abovementioned modes share the following characteristics: One, the division of revenues is based on tax categories; two, the size of payment is determined on the basis of rationally defined jurisdiction using the factor [yin su fa 0936 4790 3127] method; three, they both contain tax reimbursement or subsidy systems; and

four, the relationship between the central government and the local government in financial distribution is codified into law.

Ours is a big, unified socialist country whose development is extremely unbalanced among the different regions. In order to strengthen the state macroregulation and control in the context of socialist market economy and, in the meantime, fully mobilize localities' enthusiasm to develop the economy and socialist undertakings in light of local conditions, we should draw upon the experience of foreign countries and integrate it with our national conditions, correctly combine centralization and decentralization, and strive to achieve the maximum unification of efficiency and fairness.

[LIAOWANG] Does the introduction of a tax-sharing system impair local interests?

[Ning] We believe that, on the whole, it will not impair local interests. This is because: First, this proposal to install the tax-sharing system was designed on the principle of ensuring the vested interests of localities; second, constant incomes of localities and community tax receipts reimbursed to them are increasing by the year; third, with the standardization of the channels for financial revenue and expenditure, revenue which used to slip away will mostly cease to slip away, which will help increase revenues at various levels; fourth, local governments have the right to collect some local taxes which suit local conditions through local legislation, to help change the situation whereby "the masses get rich while the treasury is depleted;" and fifth, the central government will use a portion of its revenue increment to subsidize localities and ethnic minority regions experiencing serious financial difficulties.

Naturally, however, the financial structural reform characterized by the tax-sharing system is, in essence, a readjustment of the relationship of interests. Any attempt not to hurt anybody's interests is unrealistic and unreasonable. Therefore, after the multitier financial system characterized by the tax-sharing system is instituted, the previous irrational practice whereby local governments could arbitrarily reduce or write off state taxes is expected to be corrected; the previous situation where a big portion of income increment went to the local government and a small portion went to the central government is expected to change; and the previous situation whereby the local government demanded money from the central government whenever faced with any difficulty is expected to improve or be eliminated. This may seem inconvenient to some localities but, on the whole, with the standardization of the financial operational mechanism, revenue which used to be lost in large sums because of tax evasion and unbudgeted outlays can be basically retained by the treasury. As the economy continues to develop and the economic efficiency improves, the sources of revenue will gradually expand and the financial situation of the central government and local governments can also continue to improve through the reform and development. This is certain and unquestionable and also where our hope lies.

**Beijing To Begin New Taxation System in 1994**

HK0411025893 Hong Kong WEN WEI PO in Chinese  
31 Oct 93 p 2

[By staff reporter Chen Chien-ping (7115 1696 1627): "Central and Local Taxation Administration Will be Separated With Full Implementation of Divisional Taxation System in China Next January"]

[Text] Beijing, 30 Oct (WEN WEI PO)—According to an authoritative source here, the central authorities will soon introduce and implement from 1 January 1994 a reform package for the taxation system, including the acceleration of taxation restructuring, the implementation a divisional taxation financial system, reform of the profit-sharing system between the state and state-owned enterprises, reform of the administrative system for distribution and expenditure, and the transformation and perfection of the functions of finance. In order to implement the divisional taxation system, two sets of taxation organs, a central tax administration and local tax administrations, will be instituted.

The source said: The central authorities have explicitly pointed out that the above-mentioned reform package will be implemented throughout the country once it has been introduced and there will not be any experimental units. The top CPC leadership holds that one of the key contents of taxation restructuring is to no longer implement the system of fixed revenue and expenditure quotas but to distribute revenue between the central and local authorities according to tax categories. Hence, creating two sets of taxation organs is a very good method. The central tax administration will be organized in an entirely vertical form and will be responsible for the collection of central taxes and taxes shared between the central and local authorities, while local tax administrations will be responsible for the collection of local taxes.

It was learned that in the future, the central tax administration will collect customs duties and income taxes provided by banks, financial institutions, insurance companies, posts and telecommunications enterprises, and railroad enterprises, whereas local tax administrations will mainly collect profits taxes from enterprises.

The source said: As defined by the taxation reform package, taxation policies and collection will be administered separately in the future. The Ministry of Finance will strictly check any tax exemptions and reductions, while the State Administration of Taxation will be entrusted with more power and authority. As far as tax exemptions and reductions are concerned, it has been explicitly determined by the central authorities that, with the exception of continuously implementing the taxation policy of "two tax exemptions and three tax reductions" in foreign-invested enterprises, all new tax exemptions and reductions will be disallowed.

The source said: The central authorities will impose strict controls on tax exemption and reduction. It has been clearly stated that, from now on, if any arbitrary tax exemptions and reductions are discovered, investigations will be conscientiously undertaken to see whether or not interested parties and the leaders concerned should be held responsible. Any

taxes levied according to tax laws must be collected, and any tax exemptions or reductions are not allowed, but tax rates can be readjusted. Senior CPC leaders have pointed out that apart from affecting state revenues, tax exemptions and reductions inevitably pave the way to unhealthy practices.

Under the above-mentioned principle, the central authorities have unequivocally stipulated that from this year onwards, any temporary tax exemptions or reductions intended to ease financial difficulties will no longer be examined and approved. Any real difficulties should be overcome through other channels and the path of tax exemption and reduction should never be taken! With regard to tax exemptions and reductions at the policy level set in the past, the collection of these taxes will be resumed once they expire, any ultra vires policies of tax exemption and reduction set by various localities must be stopped and conscientiously put in order, and cases of contracting turnover taxes must be checked and handled according to tax laws.

The source said: The senior CPC leadership has stressed that no tax exemptions will be allowed. People overseas always have the impression that China levies extremely high tariffs and describe China as a "tariff wall." The nominal tax rate in our country exceeds 20 percent, however, in reality, due to various tax exemptions and reductions, the tax rate is even less than 10 percent. Hence, any taxes levied according to tax laws must be collected and never exempted, while the tax rate can be readjusted.

**Article Reviews Results of 15 Years of Reform**

HK1110084793 Beijing RENMIN RIBAO Overseas Edition in Chinese 25 Sep 93 pp 1, 3

[By Qin Hongyu (4440 4767 7183): "Reform of 15 Years Brings New Look to China"]

[Text] The Third Plenary Session of the 11th CPC Central Committee, convened in December 1978, raised the curtain on China's reform and opening up. That was 15 years ago and, since then, the waves of reform and opening up have been constantly sweeping across China; new changes have taken place daily in national construction; people's concepts have gradually been renovated and their wisdom, talent, and intelligence given still greater play. Everywhere is full of vitality and vigor, north and south of the Chang Jiang, and also in the upper and lower reaches of the Huang He.

In accordance with the theory that practice is the sole criterion for testing truth China has, through practice in reform over the past 15 years, blazed a new trail conforming with China's national conditions:

- The pursuit of the system of contracted responsibility on a household basis with renumeration linked to output in rural areas has brought about the emancipation of rural productive forces.
- The unitary public ownership structure has been replaced by various types of ownership, state-owned, collective, individual and foreign-funded enterprises, with vitality instilled in the national economy.

—Through gradual transition, the unitary highly-centralized planning structure is being converted toward the socialist market economic structure and the market development is accelerating. A multichannel, opening consumer market with fewer links is becoming complete and perfect with each passing day; starting from scratch, a production material market has developed; and monetary, technological, labor services, real estate, and information markets are also in development.

—The promulgation of "Regulations on Converting the Operational Mechanism in Enterprises Under Ownership By the Whole People" has given play to enterprises' enthusiasm for production and created conditions for enterprises to enter the market.

—The conversion of a closed, ossified economic structure to one that is opening and full of vitality has brought about the emancipation of the productive forces years, strengthening of the comprehensive national strength, and improvement in people's living standards. Comparing 1992 with 1978 from a macroscopic view, we find:

**The national economy and comprehensive national strength have been greatly enhanced.** The gross domestic product [GDP] increased from 358.8 billion yuan to 2,402 billion yuan, up 2.33 times, calculated at comparable prices, with an average annual growth rate of 9 percent, much higher than the 6.1 percent average annual growth rate during the previous 26 years (1953-1978). On this basis, the growth rate in the first six months became 14.1 percent. The prosperity of China's economy is in sharp contrast with the situation of turbulence and depression in the world economy.

#### Comprehensive Indexes of the National Economy

Item	1978	1980	1985	1990	1991	1992
National income (billion yuan)	3,010	3,688	7,020	14,384	16,557	19,845
GDP Value (billion yuan)	3,588.1	4,470	8,527.4	17,681.3	20,188.3	24,020.2
Primary Industry	1,018.4	1,359.4	2,541.6	5,017	5,288.6	5,744
Secondary Industry	1,745.2	2,192	3,866.6	7,717.4	9,102.2	11,575.2
Tertiary Industry	824.5	918.6	2,119.2	4,946.9	5,797.5	6,701
National Retail Price Index (percent)	100	108.1	128.1	207.7	213.7	225.2
Cost of Living Price Index of workers, staffers (percent)	100	109.5	134.3	222.3	233.7	253.8
Farm, Sideline Produce Purchasing Price Index (percent)	100	130.8	166.9	274.1	268.6	277.7

Item	1992 Growth Rate as Compared to 1978 (percent)	Average Annual Growth From 1979 to 1992 (percent)
National Income (billion yuan)	224.9	8.8
GDP Value (billion yuan)	233	9.0
Primary Industry	103.1	5.2
Secondary Industry	316.6	10.7
Tertiary Industry	273.4	9.9
National Retail Price Index (percent)	125.2	6.0
Cost of Living Price Index of Workers, Staffers (percent)	153.8	6.9
Farm, Sideline Produce Purchasing Price Index (percent)	177.7	7.6

Note: Price factor deducted in both national income and GDP value.

**Industrial production has mounted a new plane.** Increased value of industry rose from 160.7 billion to 1,012.8 billion yuan, up by 3.2 times calculated at comparable prices, with

an average annual growth rate of 10.8 percent, especially urban and rural individual industrial households, which started from scratch and enjoyed an average annual growth rate of 71.8 percent [percentage as published] with price factors deducted. In the first six months of this year, industrial production continued to sustain a momentum of high-rate growth; compared with the same period last year, the growth rate was 20.5 percent. Output of major products increased by a wide margin: Crude oil increased from 104.05 to 142.1 million tonnes; generated energy increased from 256.6 to 753.9 billion kwh [kilowatt-hours]; steel increased from 31.78 to 80.94 million tonnes; and cars increased from 149,000 to 1,067 million. Especially in consumer goods industry, including light industry, electric home appliances, and the textile industry, all enjoyed a conspicuous development. The output growth in chemical fibers, TV sets, and refrigerators was 6.49, 54.4, and 172.5 times, respectively. The ranking order of the output of chemical fibers in the world rose from seventh and eighth in 1978 to second and first in 1992.

**The situation of a long-standing slow progress in agricultural production came to an end and the rural economy developed in a comprehensive way.** Increased value of agriculture rose

from 101.8 to 574.4 billion yuan, up by 1.03 time calculating at comparable prices, with an average annual growth rate of 5.2 per cent, greatly exceeding the 3 percent average growth rate in the previous 26 years. The output of most major farm produce has mounted a new plane. Presently, the changes in the ranking places of China's major farm produce's output in the world are, namely, the output of grains rose from second in 1978 to first and the output of cotton, beef, and mutton rose from third to first. At the same time, industries other than agriculture in the rural areas such as building, communications and transportation, and commerce have rapidly developed, nurturing the prosperity of the entire rural economy. The proportion of industries other than agriculture in the rural gross output value went up from 31.4 to 64.2 percent.

**Communications, transportation, post and telecommunications services enjoyed comparatively great development in strained operations.** The volume of goods in circulation was 2,921.8 billion tons in 1992 and the volume of passengers in circulation was 694.9 billion person/km, increases of 2 and 3 times, respectively. The number of berths in major coastal ports was 1,686, increasing by 3.2 times; there were 563 civil aviation routes, with a total length of 837,000 km, up by 2.2 times. The volume of post and telecommunications operation was 29.1 billion yuan, up by 24 times. New post and telecommunications operation such as express post service, special express delivery, and fax lines have come into being and doubled in capacity increase. Beepers and cellular phones have surfaced and increased rapidly, while accelerating the transmission of information and improving work efficiency.

**Vigorous development in educational, science, technological and cultural undertakings.** Along with the reform in the enrollment examination system for tertiary education, and development in the tertiary educational undertakings over the past 15 years, there are today, 1,053 institutes of tertiary education, producing 5.818 million college graduates, far exceeding the total in the previous 26 years. The number of college students in every 10,000 people rose from 8.9 in 1978 to 18.6 in 1992. With the deepening of reform, people are becoming increasingly aware of the fact that science and technology are the primary productive force and are seeing once again the value of knowledge. Since 1978, China has scored 195,000 major results in science and technology at national level with 2,313 inventions awarded national prizes. By the end of 1997, there were 2,901 cultural centers, 2,565 public libraries, and 1,106 museums, up by a wide margin from 1978.

**Vigorous development in domestic commerce and foreign trade.** The total volume of retail sales increased from 155.9 to 1,099.4 billion yuan; with the price factor deducted, the annual average growth rate was 8.5 percent. With the development of the socialist market economy, retail sales in various categories of economic forms universally increased. Especially individual commerce, which had started from scratch, grew by 470 times in 1992 from 1978, with the price factor deducted.

Foreign trade has continuously expanded, the 1992 import-and-export volume was 165.6 billion yuan, up by 7 times

from 1978, with an average annual growth rate of 16 percent, whereas the average annual growth rate had been only 9.5 percent in the previous 26 years. The ranking order of China's import-and-export trade volume escalated to 11th in 1992 from 32d at the initial phase of reform. The commodity mix in imports and exports has improved continuously, mainly with the realization of the conversion in exports from primary products to industrial finished products. Foreign investment in utilization increased by a wide margin. The average annual growth rate was 22.5 percent between 1986 and 1992.

From a microscopic angle, people's living standards have greatly improved in clothing, diet, housing, and communications. The great variety of goods on the market made an announcement that the long-standing serious shortage of consumer goods has come to an end. All kinds of facts show that a great change has taken place in people's lives. Statistics show that, in 1992, the per capita net income of the rural populace was 784 yuan up by 2.3 times, with the price factor deducted; the per capita income of the urban populace was 1,826 yuan, up by 1.3 time with the price factor deducted. Housing conditions have also been improved. Newly built residential houses over the past 15 years covered a floor space of 11.96 billion square meters. The per capita living area for the rural and urban populace was 18.9 and 6.9 square meters, respectively. High-quality consumer goods such as laundry machines, refrigerators, and color TV sets have rapidly developed; in addition, video recorders, air conditioners, hi fi equipment, and even cars have appeared in high income families. Savings deposits of urban and rural populace increased by a wide margin totaling 1,154.5 billion yuan in 1992, up by 53.8 times from 1978; the first six months saw an increase of 124.4 billion yuan from the beginning of the year.

The accomplishments scored in the 15-year reform are noticeable. However, some problems have emerged in the course of development. The state's ability in macroeconomic regulation and control weakened; confusion in banking had surfaced for a time; energy resources, transportation, and important raw materials have always been "bottlenecks" that restrict the development of the national economy; agriculture has lacked sufficient staying power, and the peasants' burden is too heavy in many aspects; and there was an excessively strong momentum in price rises. All these are problems in progress. Reform is arduous and the road is winding for the motherland's progress. On the basis of summarizing the historical experiences in the more than 40 years since the PRC's founding, especially since reform, the 14th CPC National Congress decided to make building of the socialist market economic structure the goal of reform, which is of great significance to the theory and practice of China's economic development from now on. We believe that, under the guidance of the 14th national congress line, our motherland will be all the more prosperous and powerful and the people's living standards will mount a new plane.

**Price Reform Move Coal Industry Toward Market**  
HK0311064893 Beijing CHINA DAILY in English  
3 Nov 93 p 2

[By staff reporter Chang Weimin: "Price Reform Moves Coal Industry Forward"]

[Text] China will free restrictions on coal prices in 1994 to help turn around the coal mining industry, which has been running in the red for decades.

By the end of this year 77 per cent of coal will be sold at market prices.

An official from the Ministry of Coal Industry said yesterday that the price reform has been moving according to schedule.

The industry, with approval from the central government, began reforming the pricing system last year.

A tentative step in that year succeeded in raising prices of 20 per cent of coal. Production that year stood at 1.1 billion tons. Coal prices have been kept low by the central government while the costs of industry input materials, such as steel and wood, have risen.

For decades, the industry has been inefficient due to artificially low prices and rigid central planning.

Last year, reported losses were as high as hundreds of millions of U.S. dollars.

Measures laying off surplus workers and developing lucrative businesses have also been implemented. Along with price reform, these actions have been taken to make the industry profitable by 1996.

To date, over 280,000 workers in the sector have been laid off. The majority of them, with loans from the central government, have obtained jobs in manufacturing and service businesses.

The government is determined to reduce the industry's 7 million-strong work force by 400,000 by 1995.

The measures have achieved desired results. These include:

The industry cut losses by 500 million yuan (\$86 million) last year. In the first half of this year, it reduced losses by 920 million yuan (\$159 million). And it is forecasted to continue this trend toward financial well-being in the year's remaining months;

Work efficiency at mines has been raised by more than 8 per cent over last year, according to the official. However, the official, who refused to be identified, said greater efforts are needed for catching up with world standards;

Output value of the industry's manufacturing and service businesses jumped from 12 to an estimated 15 billion yuan (\$2.07 to \$2.59 billion) from 1991 to 1992.

The exact figures will be released this year at an industry conference.

Wang Senhao, who became head of the Ministry of Coal Industry this year, seems to be the right person to get the industry on its feet, an industry expert said.

The Ministry of Coal Industry was re-established this year after having been dissolved in 1988.

Given the progress in the mining sector, observers say Wang's mission of turning the industry around does not appear as difficult as it once did.

**Daily Urges Urban, Rural Areas To Coordinate**

HK0211095493 Beijing CHINA DAILY in English  
2 Nov 93 p 4

[By Zheng Zhong: "Urban, Rural Areas Should Co-ordinate Their Development"]

[Text] As China makes its historic transition to a modern economy, it is essential that rural and urban development be co-ordinated.

The country must modernize, industrialize and urbanize its rural areas. The drive to do this must target the economy, culture and, particularly, agriculture.

The current reforms provide a favourable environment to bring agriculture up to date.

The process so far has been slowed by farmers' poor education and low income, plus a surplus of labour and weak agricultural industries.

**Biggest obstacle**

The biggest obstacle to progress lies in the small scale of farm production.

The household contract responsibility system scattered farmland among 200 million households, each of which possess less than 10 mu (0.7 hectare) of land. Such a set-up cannot meet the needs of modern farming.

Several approaches, such as establishment of co-operative farms, have been explored to turn agriculture into a large-scale operation.

Also, State and collectively-owned institutes have jointly established enterprises to work comprehensively in agriculture, industry and trade.

These enterprises have a complex set of assets and varied systems of management but they will help ease the contradiction between scattered farm production and a unified rural market.

When modern machinery is used farm labour will be further reduced and will have to be transferred to other jobs.

More cash will have to be found if all this is to happen because current investment in agriculture can only maintain production at its present scale.

As farming becomes more technical and mechanized, it will also become more capital intensive.

The rural population and labour force have been by far the largest of the national total since the People's Republic of China was founded in 1949.

By 1978, the ratio of industrial to agricultural output was 7:3 while the ratio of industrial to rural labour remained at 2:8.

The situation changed in some degree when township enterprises began their vigorous development after rural reforms took hold.

These enterprises have become not only the backbone of the rural economy, but an important component of the national economy.

They play an important role in readjusting the country's industrial structure, easing the shortage of products made by light industry and narrowing the economic gap between rural and urban areas.

Now their development should be regarded as part of China's broader industrial growth and they should be guided by national industrial policies.

Township enterprises should be further centralized to form small industrial zones in villages and small towns.

Their democratic construction should be strengthened, the right of ownership should be clarified and boards of directors established to improve management accountability.

Township enterprises should recruit skilled workers and help them to continuously improve their technological knowledge. Enterprises should also improve the quality of their products to make them more competitive in a market economy.

As industry grows in rural areas, it is inevitable that these regions will become more urban.

When industries grow they attract workers and small towns become larger towns or cities.

So far, China's urbanization has developed slowly. In 1992, only 28 per cent of the population lived in towns and cities—much less than the world's average 40 per cent in the early 1980s.

One reason for the slow development was a shortage of State funds for construction.

The central government realized that keeping farmer-run enterprises out of cities made it easier for urban management. Only later did it become clear that the practice of preventing farmers from migrating to cities will actually hamper rural development in the long run.

### Small towns

Now the State should develop small towns with a population of less than 100,000 while controlling the size of cities with more than 1 million and properly developing large and medium-sized cities whose population is in between.

Farmers should be encouraged to live in small towns and it should also be made easier for rural businessmen to start enterprises in towns and their families should be permitted to live there.

Real estate markets should also be established in small towns and bonds issued to raise construction funds.

**State Increase Funding for Township Enterprises**  
HK0211010693 Hong Kong *WEN WEI PO* in Chinese  
27 Oct 93 p 3

[Dispatch by staff reporter Chen Chien-ping (7115 1696 1627): "Central Authorities Strengthen Investment in Town and Township Enterprises, and 10 Billion Yuan Will Be Invested in Them Each Year Up to the End of This Century"]

[Text] Beijing, 26 Oct (WEN WEI PO)—The central authorities decided the other day that beginning this year, they will further increase investment in town and township enterprises with a view to enabling their output value to reach 50 percent of the national economy by the year 2000.

An authoritative person here said: Beginning this year, the state will invest 5 billion yuan in the central and western regions to specifically develop their town and township enterprises. In addition, despite the state's tight credit, it will increase loans for town and township enterprises by 5 billion yuan across the country next year. Coupled with the current 5 billion yuan, this will make 10 billion yuan, an amount that will continue each year until the year 2000. It demands that by the year 2000, the various economic indicators for town and township enterprises across the country will have a comparatively large increase, and that on its present foundation, it will change another 60 million of the rural work force and will make the number of staff and workers of town and township enterprises reach approximately 170 million.

In order for town and township enterprises to readjust their positive structures for the development of export-oriented enterprises, on the basis of having allowed 50 town and township enterprises to have export power, the central authorities have decided to examine and approve some others in the near future.

The authoritative person said that the central authorities' demands are: Town and township enterprises should pay attention to improving economic returns. Now is not the time to compete in speed, in investments, and in the number of town and township enterprises set up, but to encourage practical results, compete in profits and taxes, and compete in sales. They should pay attention to improving while quickening, and should avoid great fluctuations. Moreover, town and township enterprises should be relatively concentrated and developed in groups. The establishment of small districts of town and township enterprises should be integrated with the development of small towns. While actively encouraging and improving joint-stock cooperation, town and township enterprises must adhere to the coexistence of the various economic sectors.

The person said: The central authorities have stressed the mutual economic cooperation among the eastern, central, and western regions. Under the conditions of a market economy, the eastern region should consider it a responsibility for the cooperation between the central and western regions. The state will carry out the east-west cooperation project and will strive to achieve effects at an early date.

**State Plans Underground Reservoir in Dalian**  
*OW0211010893 Beijing XINHUA in English 0050  
GMT 2 Nov 93*

[Text] Dalian, November 2 (XINHUA)—China's first large-scale underground reservoir in karst land will be created in Dalian, in northeast China's Liaoning Province, to alleviate the seaside city's water shortage.

Due to its geographic position and natural conditions, Dalian city has scarce fresh water resources.

During the past several years, the city has made great efforts to exploit underground water resources as well as desalting sea water and economizing on water usage.

Up to now, underground water has accounted for 20 percent of the city's total fresh water supply and 60 percent of the city's water used for industrial purposes.

The reservoir project is part of the effort to fully exploit the underground water resources.

This underground reservoir is to be built under the Quanshui-Nanguanling karst land area, with a total acreage of about 40 square kilometers in the limestone terrain.

The completion of the reservoir will effectively prevent the inflow of sea water and the loss of fresh water, according to experts.

It has been calculated that the planned reservoir will not only stop the loss of 15,000 tons of fresh water per day but also increase the water reserves by 10,000 tons each day.

Prospecting has shown the feasibility of creating similar underground reservoirs in five other places in the karst land areas.

**Academician on Industry-Agriculture Link**  
*HK0211082193 Beijing RENMIN RIBAO in Chinese  
26 Oct 93 p 2*

[By staff reporter Xia Jun (1115 8823); "Interview With Chen Jiyuan (7115 0679 0337), director of Chinese Academy of Social Sciences Institute of Rural Development—Effect the Strategic Turn of Letting Industry Feed Back to Agriculture"]

[Text] The question of the low comparative interests of agriculture and slow growth in peasants' incomes, which has been increasingly prominent in recent years, has become a factor conditioning the development of the rural economy, as well as the national economy as a whole. How should we look at this problem and resolve it? This reporter recently interviewed Professor Chen Jiyuan, director of the Institute of Rural Development under the Chinese Academy of Social Sciences.

To resolve this problem, Professor Chen Jiyuan said straightforwardly, the piecemeal approach of giving some "petty cash" today and increasing the purchase price tomorrow will no longer be effective. We should take the overall situation of the national economic development into account, readjust the relations of interests between industry

and agriculture, and effect a strategic change from agriculture feeding industry to industry feeding back to agriculture and from rural funds flowing out to flowing in.

Viewed from a worldwide angle, a developing country must undergo a change from agriculture feeding industry to industry feeding back to agriculture in the course of its economic development. Has China's economic development reached such a stage?

Professor Chen Jiyuan said: An analysis of the overall situation of China's economic development shows that the conditions for effecting such a strategic change are mature for the following three reasons: First, tremendous changes have taken place in the ratio of China's industrial and agricultural output value, from 3:7 during the initial period after the founding of the PRC to the current 8:2. Second, the gap in incomes between the urban and rural residents, which was narrowed during the 1980's, has recently reversed, returning basically to the level of the pre-reform period and tending to further widen. Third, in the course of the change from a planned to a market economic system, the weakness of agriculture has gradually been revealed and it badly needs support and protection. Agriculture is a weak industry with low comparative interests. This is the case in countries with whatever social system. As China has a large population with limited arable land, the peasant households generally have only 7.5 mu of land for farming, the lowest in the world. In addition to the low level of mechanization, the weakness of China's agriculture has become all the more prominent and the comparative interests are lower compared with other countries. Therefore, it needs added protection.

To increase the comparative interests of agriculture, it is necessary to expand the scale of agricultural operations and increase the agricultural labor productivity. All this requires development of nonagricultural industries. In China, it refers to developing township enterprises and transferring the surplus rural labor. However, a period of considerable length will be required to accomplish this task. "Distant water cannot put out a fire close at hand." Professor Chen Jiyuan proposed adopting measures under market economic conditions to protect agriculture and increase the comparative interests of agriculture.

Above all, the state should readjust the basic structure of national income distribution and increase input in agriculture. It is necessary to increase the portion of the state's investment in capital construction, financial budgetary expenses, and bank loans used in agriculture. Since the 1980's, the absolute figure of the state's input into agriculture has increased somewhat, but the proportion of all kinds of funds used in agriculture dropped from the past, of which investment in agricultural capital construction dropped from an average of 11 percent over the past 30 years to around 3 percent recently.

Second, it is necessary to gradually reduce the price scissors for industrial and farm produce and adopt effective measures to check the price scissors which have further widened in recent years. Following the lifting of the restrictions on the market for farm produce and prices, the state had to

practice a protective price purchase system for grain and other major farm produce which is important to the national economy and people's livelihood, relying on the state's grain reserve departments to readjust market supply, demand, and prices to protect the interests of the grain producers and consumers. At the same time, the state must support production of chemical fertilizer, pesticide, farm machines, and other farming materials and offer the means of production required by the peasants at a reasonable price or by means of subsidy.

Third, in the areas where township enterprises are developed, it is necessary to continue the practice of supplementing and building agriculture with industry. The township enterprises, which have expanded gradually on the basis of agriculture, in turn supporting agricultural development of the locality, is one of the characteristics of China's rural economic growth. It has opened a new path for rural industrialization and agricultural modernization. It is necessary to sum up the experience and gradually institutionalize the system of the developed regions supplementing and building agriculture with industry.

If the abovementioned measures are to be adopted, the economic development strategy as a whole must undergo a major readjustment. In the course of market economic development in the future Professor Chen Jiyuan said, we must ensure the sustained and steady growth of agriculture and push it to a new height. If we continue to take the piecemeal approach as in the past, it will be impossible to fundamentally resolve the problem of the low comparative interests of agriculture, which has conditioned agricultural growth, and to put an end to the decline in the production of grain and cotton. After the stage of agriculture feeding industry and the outflow of rural funds over the past 40 years or so, Professor Chen said it is now time to fundamentally readjust the agricultural development strategy. An appropriate change effected from agriculture feeding industry to a new stage of industry feeding back to agriculture will be of great significance to the sustained and steady growth of China's rural economy. Naturally, people's understanding of this major and complicated theoretical and practical problem vary. Professor Chen urged relevant departments to organize special forces to seriously study the major issue, strive to reach a common understanding at an early date, and appropriately effect a major change in this development strategy.

**Article Views Northeast Agricultural Development**  
HK0211062293 Beijing RENMIN RIBAO in Chinese  
26 Oct 93 p 2

[By XINHUA reporter Zhang Guangyuan (1728 1639 6678) and Central People's Broadcasting Station reporter He Yongzhao (0149 3057 6856); specially contributed to RENMIN RIBAO by XINHUA: "Remarkable Results Achieved in Comprehensive Agricultural Development in Northeastern Provinces and Inner Mongolia"]

[Text] For the past five years of comprehensive agricultural development, Liaoning, Jilin, Heilongjiang, and Inner Mongolia have achieved remarkable results. The total expenditure on agricultural development—which comprises state investment, local expenditure, and funds raised by peasants themselves—has totaled 3.11 billion yuan and over 26 million mu of medium- and low-yield fields have been improved. An additional irrigated farmland of approximately 93 million mu has been created; grain production capability has increased by 3.85 billion kg; and the income of peasants in development areas has gone up by 6.89 billion yuan. In this way, comprehensive agricultural development has enabled peasants in many areas to get rich.

Liaoning, Jilin, Heilongjiang, and Inner Mongolia lie in northeastern and northern China and have more than 330 million mu of farmland as well as vast expanses of fertile grassland. They represent important bases for cash crops, livestock farming, and timber and have a very great potential for comprehensive agricultural development.

Liaoning, which depended on imported grain for years, began comprehensive development from the Liaohe Delta to the six cities and 19 counties (autonomous counties) on the Liaohe Plain. The four cities and nine counties at the lower reaches of the Liaohe, including Penjin and Yingkou, are located in low-lying and easily flooded areas, and their grain production has been low and unstable. Through the comprehensive agricultural development, peasants have been organized to build embankments and dams to hold back seawater and floods. They have opened up drainage ditches and mechanical and electric wells, have transformed over 800,000 mu of medium- and low-yield fields, and have added an extra grain production capability of 157 million kilograms. Before development, the per-mu wheat field and paddy yields were approximately 200 kg and 300-350 kg respectively. Following development, these figures have leapt to 300-350 kg and 500 kg respectively. They have also sown soybeans in wheat fields, and the per-mu yield in double-cropping is over 450 kg.

Through measures such as transforming vast areas of low-lying and easily-flooded saline-alkali land, using quality species, improving the soil, and employing dry farming techniques and irrigation in its comprehensive agricultural development plan, Jilin, also known as "China's Corn Golden Belt," has greatly increased grain yield per unit area. Its total output has jumped from 15 billion kg to 20 billion kg. The province tops China in grain exports to other provinces and countries as well as in per-capita grain possession.

Although Inner Mongolia got started on its comprehensive agricultural development plan one year later than other provinces and autonomous regions, it has achieved remarkable results. Its development areas are concentrated in 12 autonomous counties and counties, including Jirem Meng, Hulun Bur Meng, and Chifeng city—which border on Liaoning, Jilin, and Heilongjiang—as well as some state-run farmlands and pastures. The province has changed its previous monolithic agricultural development structure and now stresses "comprehensive" characteristics, fully utilizes local resources, carries out comprehensive development in

farming, livestock farming, forestry, sideline production, and fishery; coordinates agriculture, livestock farming, forestry, and irrigation in a comprehensive way; and carries out the comprehensive management of hills, water, fields, forests, and grasslands. As a result, the grain yield per unit area in the development areas has increased considerably. The province has had an additional grain production capability of 720 million kg and has basically achieved self-sufficiency in grain production. Its total agricultural output value has increased 78 percent, and its peasants' per-capita net income has increased by 240 yuan over the post-development period.

The scope of the agricultural development of Heilongjiang, a large agricultural province, is mainly scattered in the 12 prefectures and cities, 59 counties and districts, and 96 state-run farms, pastures, and tree farms in the Sanjiang and Songnen Plains. Following five years of comprehensive agricultural development, the province has an additional grain production capability of 2.75 billion kg, an additional oil-bearing crop yield of approximately 31 million kg, 200 million kg of sugar, 69.2 million kg of meat as well as large quantities of poultry, egg, milk, and fish products. It has already become China's major base of grain, sugar, soybeans, and milk products.

## East Region

### Fujian's Xiamen Reports on Port Quarantine System

OW0311084493 Beijing XINHUA in English 0729  
GMT 3 Nov 93

[Text] Xiamen, November 3 (XINHUA)—Coastal Xiamen city in east China's Fujian Province is boosting its port quarantine system in line with the country's redoubled efforts in opening to the outside world.

As early as 1873 Xiamen and Shanghai, China's largest economic center, took the lead in carrying out port quarantine in order to prevent the spread of cholera.

In the 1950s the city declared itself free of the deadly infectious diseases of the plague, cholera and smallpox.

Since the State Council instructed Xiamen to experiment with a package of free port policies as a special economic zone in 1980, the city's port quarantine measures have expanded to cover infectious disease examination, and sanitation inspection of containers and imported foods.

Advanced medical equipment is in use, and the city has quarantined 1.05 million passengers in port since navigation opened between Xiamen and Hong Kong in 1979. In addition, 1.48 million persons have undergone quarantine inspection at the city's Gaoqi International Airport since 1985.

So far, some 58,000 health examinations have been conducted on passengers entering or leaving the country, uncovering instances of AIDS, syphilis, dysentery, hepatitis, pulmonary tuberculosis and hepatitis B.

About 82,000 containers had been quarantined in Xiamen over past five years.

The year 1990 saw the city set up an imported food sanitation inspection center, which has retrieved foreign trading losses totaling three million yuan.

The city now has information services on AIDS and venereal diseases.

### Jiangsu's Anticrime War Shows 'Splendid Results'

OW0311192093 Nanjing XINHUA RIBAO in Chinese  
16 Oct 93 p 1

[“Summer Offensive of ‘Campaign To Severely Punish Criminals’ Scores Great Success”—XINHUA RIBAO headline]

[Text] Our province achieved splendid results in the summer offensive in the “campaign to severely punish criminals” this year. From June to September, our province cracked down on a total of 33,738 criminal cases of various kinds, of which 7,303 are major cases; nabbed 39,566 criminal elements who committed different sorts of crimes; and thus forcefully punctured criminals' swollen arrogance.

The campaign was launched under the joint leadership of party committees and governments of all levels. Before the campaign, leading cadres of the provincial party committee

personally organized investigations and studies and especially held a provincial public security, procuratorial, and judicial conference to draw up plans. Public security organs at all levels in this province fully played their functional role, made overall arrangements, and carefully organized the campaign. During the special campaign on cracking down on railway and highway banditry and piracy, the province unfolded in-depth and careful investigations and studies in 150 specified key areas, 120 key sections of highways, and 34 key railway routes. On the basis of the investigations and studies, the province organized a 20-day unified provincial campaign concentrating on cracking down on railway and highway banditry and piracy. It cracked 963 cases of railway and highway banditry and arrested 1,014 railway and highway bandits. It also cracked 137 criminal gangs and arrested 547 gangsters. During the campaign, public security organs at all localities cracked down on 10,814 active criminal cases, of which 3,928 are major cases. Eleven cities in the province also organized special regional anticrime campaigns of different scales, and brought in harsh verdicts at speedy trials on a batch of criminal elements who committed the most heinous crimes.

At the same time, public security organs at all levels conducted a general inspection to screen temporary residents. The province screened more than 1.77 million persons and kept a record of them and issued more than 1.4 million copies of temporary resident certificates. More than 40,000 jobless personnel from other regions were either persuaded to return home or repatriated to their home provinces.

### Jiangsu's Nantong Port Adds Three New Berths

OW0311041893 Beijing XINHUA in English 0302  
GMT 3 Nov 93

[Text] Nanjing, November 3 (XINHUA)—A large state capital construction project at the port of Nantong in Jiangsu Province has gone into operation.

Nantong is one of China's 14 open coastal cities at the estuary of the Chang Jiang, China's biggest waterway.

This construction phase, consisting of three berths able to accommodate ships of 10,000 DWT [deadweight tons], has been checked and accepted by the Ministry of Communications.

Costing a total of 250 million yuan, the Langshan section of the port includes a sundry cargoes wharf with a handling capacity of 25,000 tons and two multi-purpose docks each with a handling capacity of 13,000 tons.

Upon completion, the annual handling capacity of Nantong Port will have been increased by 8.4 million tons.

At present, the Nantong Port has business contacts with 175 ports in 64 countries and regions. It handles 12 million tons of cargo a year.

**Shanghai in 'Forefront of China's Reform'**  
*OW0311075493 Beijing XINHUA in English 0654  
GMT 3 Nov 93*

[Text] Shanghai, November 3 (XINHUA)—"Shanghai is standing in the forefront of China's reform," an American businessman said, "and to enter the Shanghai market means to enter the China market."

As the Western market is dwindling, China's economy is seeing a rapid growth.

China, with a population of over 1.1 billion, is a big potential market for the world's investors.

"Half the Chinese market is larger than the whole market in the United States," this businessman said.

Robert Allen, chairman of the board of the U.S. company AT&T, told Chinese President Jiang Zemin that his company wanted to be in close cooperation with China forever.

AT&T would help China improve its overburdened telecommunications networks and expand the overall capacity to ten times its present volume by the year 2000.

The Shanghai U.S. AT&T Optic-Fiber Co. Ltd., recently set up, is China's largest such firm. It will produce a million kilometers of optic fiber a year.

The Japanese Sony company, in cooperation with Shanghai Broadcasting and Television Company, has established the Shanghai Sony Broadcasting Electronic Co. Ltd.

The trend for multinationals to invest in China's leading economic center began gaining momentum last year.

Among the world's 500 largest companies listed by an American magazine, 84 from 48 countries and regions have set up subsidiaries in Shanghai. Twenty-four are from the United States.

The McDonnell-Douglas Aircraft Corporation has just obtained a 35-plane order from China which will be fulfilled by its joint venture in Shanghai.

In the next 15 years, China will possibly buy 800 MD [McDonnell-Douglas] planes, among which at least 175 will be manufactured in Shanghai.

Ten years ago, Japanese businessmen came to Shanghai to advertise their products.

Though the total value of Japan's overseas investment dropped by 18 percent last year, its investment in China increased 100 percent.

Last year, the Hong Kong Yangtze Group and Jiali Group began to build one of the biggest commercial and residence zones in Shanghai.

To date, Hong Kong's large companies have almost all started business in Shanghai ranging from real estate, manufacturing and finance to the commodities market.

The Belgian Bell company set up the Shanghai Bell Telephone Company in 1984 with a 15-year contract.

This is one of China's 10 best joint ventures, and is investing another 3.17 billion dollars to update its products as well as to expand its production.

Meanwhile, the contract has been prolonged to the year 2013.

In the first eight months of this year, 37 multi-national groups concluded 60 contracts with a total investment of 915 million U.S. dollars.

This brings the number of Shanghai's over-10-million-dollar projects to 405.

To date, Shanghai has approved 6,107 foreign-funded programs whose investment totalled 12.479 billion dollars.

Some 80 percent of the 2,853 foreign-funded enterprises which went into operation were profitable last year.

In the first six months of this year, they made a profit of 18.95 billion yuan, 47 percent more compared with last year's same period.

Their one-billion-dollar exports last year accounted for 15 percent of the municipal total and was seven percent up in the first half of this year.

**Shandong's Qingdao Becomes 'Marine Science City'**

*OW0211100493 Beijing XINHUA in English 0740  
GMT 2 Nov 93*

[Text] Qingdao, November 2 (XINHUA)—Coastal Qingdao on east China's Shandong Peninsula, which has 70 percent of the country's marine biological personnel, is developing into a marine science city.

At present, the city has 22 marine scientific research institutes and the largest oceanography university in Asia, as well as a half of China's senior marine scientists.

The city has made great contributions to China's aquatic breeding industry, said scientists here.

Included are techniques of kelp fry propagation, of winter farm breeding of prawns and of generating scallops, eels and abalones.

As a result, the country's prawn breeding area has expanded to 167,000 ha and its export volume has increased to over 100 million U.S. dollars.

The offshore scallop breeding business is booming in the coastal provinces of Shandong, Hebei, Jiangsu and Liaoning. In Qingdao alone, the breeding area has reached 2,000 ha.

The city's scientists are shifting their focus to research into marine biological techniques and the marine chemical industry.

According to the city science and technology commission, Qingdao's marine scientific research organs have made more than 3,200 achievements in marine medicine, health-care foods and marine antibiotics.

However, economists have pointed out that it is urgent to apply these scientific achievements to production.

The city has drafted a scientific program to concentrate on techniques of aquatics breeding, marine medicine and underground brine exploitation.

In addition, a number of assessment units are planned to promote the application of marine scientific research.

To date, three of them have gone into operation.

### Central-South Region

#### Guangdong Paper Apologizes for 'Mistakes'

HK0311064493 *Guangzhou NANFANG ZHOMO (NANFANG ZHOMO SUPPLEMENT) in Chinese* 29 Oct 93 p 1

[By the NANFANG RIBAO Editorial Department: "A Bitter Lesson—Meditating on a Serious False Report Entitled 'A Case of Attacking the Police'"]

[Text] Truthfulness is the lifeline of journalism as well as the basic principle that every journalist must strictly follow. However, an article entitled "A Case of Attacking the Police" carried in NANFANG RIBAO's special "Man and Law" column on 30 July, totally violated this basic principle. The article was fabricated by the author, and its publication damaged the reputation of the party's journalism work and created a negative influence in society. We have made a serious mistake and we have learned a bitter lesson.

When viewed in the context of the false articles carried in NANFANG RIBAO in recent years, this mistake is by no means accidental. It is closely related to a deviation in our guidelines for running the newspaper. NANFANG ZHOMO is the weekend supplement to NANFANG RIBAO, a mouthpiece of the provincial party committee. In its first issue, the Editorial Committee of NANFANG RIBAO laid down the correct principle for us to follow in running the newspaper, calling on us to stick to the principle of party spirit in journalism work, to strictly enforce the party's propaganda policy, and to abide by propaganda discipline. The thriving journalism and increasingly sharp competition of recent years made us rash in our thinking, however. Our sense of the principle of party spirit in running a newspaper and the truthfulness of news reports became blunted, and the idea that the newspaper should stress positive propaganda and effects on society became dim. Instead, we one-sidedly pursued readability, the so-called "hot news," novelties, and sensational news, and this provided the opportunity for the erroneous articles to emerge.

When there has been a deviation in the guidelines for running a newspaper and when a paper one-sidedly pursues readability, one can easily forget his responsibility to scrutinize manuscripts, resulting in serious laxity. Take the article "A Case of Attacking the Police" for example. The manuscripts were mailed by Comrade Liu Yushun from the Culture Office of the Nanchang Railway Subbureau. While scrutinizing the manuscripts, we did doubt the truthfulness of the article because the story was fantastic and lacked a specific location. We tried to call the author on numerous occasions in an attempt to inquire about the source of the

news, the place where the case happened, and the accurate location, timing, and other figures. As the author was on an errand and we failed to get in touch with him, we forsook our duty to exercise strict scrutiny. Under such circumstances, we should have strictly held onto the manuscripts in light of the principle of truthfulness in journalism and issued the article later when the facts were clarified. We thought that the article was highly readable, however, and were worried that other newspapers would publish it before we did. Moreover, the author was an old writer who was familiar to us, and we had never had any problems with his articles in the past. Thus, we hastily decided to publish the article, and this was a serious mistake. In editing and issuing the article, we gave primary consideration to catering to the readers' curiosity rather than the truthfulness of the story. This is a problem of guidelines as well as journalism work style. The deviation in thinking and hasty decisionmaking resulted in the serious mistake and negative influence.

On numerous occasions the higher-level departments, NANFANG RIBAO leaders, and some enthusiastic readers called our attention to the major and minor mistakes we had made in running the paper and made criticisms. The readers' praise and the continuously increasing circulation engendered arrogance and conceit. As we ignored the warnings and criticisms of our leaders and readers and failed to subjectively sum up experience in earnest, we repeated our mistakes, which became increasingly serious.

The failure to earnestly study political theory and the party's principles and policies and to improve the political caliber of the editorial ranks was the fundamental reason behind the whole series of mistakes. Because the newspaper was a weekend supplement, we regarded the study of political theory and the party's principles and policies as unimportant. The harsh reality in China at present tells us that different kinds of newspapers are permitted to exist, but they must stick to the party's basic line, uphold the principle of truthfulness in journalism, enforce the party's propaganda policy, and abide by the party's propaganda discipline. Otherwise, they will commit major mistakes.

We must never forget this bitter lesson. We must awaken to the mistake that we made in publishing the false article entitled "A Case of Attacking the Police." Above all, it is necessary to thoroughly examine the guidelines for running a newspaper, draw inferences about other cases from one instance, comprehensively screen and sum up the problems that have cropped up over a long time in the past, straighten out thinking, and return to the right track. We should also organize the editorial staff to earnestly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the directives of the central leading comrades on journalism work, and the relevant stipulations of the Central Propaganda Department and the Press and Publications Administration. On this basis, we should work out specific measures to avoid cases similar to the "Case of Attacking the Police" from occurring in the future. Running a newspaper in an open manner is a fine party tradition. We welcome the serious criticisms of our mistakes that were made by a vast number of our readers. We hope that they can help us do our reorganization work properly.

As our mistakes have had a negative influence on society, we sincerely express our apologies to the relevant departments and vast number of readers. At the same time, NANFANG RIBAO would like to reiterate once again: We hope that the vast number of readers will join us in following the principle of truthfulness in journalism. Contributions should be true and no exaggeration or distortion should be allowed. We hope that the newspaper will take on a new look and will live up to the expectations of the party and our readers.

### Guangdong Official on 'Economic Criminals'

HK0411061393 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 30 Oct 93

[Text] Yesterday, Zhang Guoying, provincial party committee deputy secretary, delivered a televised speech in which she commented on the 29 Oct execution of seven economic criminals. The full text of her speech is as follows:

Today, the people's courts across the province publicly sentenced a group of criminals who committed major and serious economic crimes, including embezzlement and bribery. Chen Binggen, Hong Yonglin, and five other criminals were sentenced to death in accordance with the PRC Law which states in no uncertain terms that criminals who commit major and serious economic crimes should be severely punished. Their executions have not only safeguarded the dignity of the law but also once more attest to the strong determination of the party and government in rooting out corruption.

Chen Binggen, Hong Yonglin, and the other criminals executed today have set a good negative example for us. All party members and cadres across the province should learn a lesson from them so as to strictly abide by the law. Party committees and governments at all levels throughout the province should more successfully carry out the anti-corruption struggle, should further deepen the anti-corruption struggle in accordance with both the central instructions and the provincial party committee requirements, and should strive to score tangible results in this regard before the end of this year.

Since reform and opening up, the broad masses of the party members and cadres have successfully withstood the test faced by the governing party and the test of reform and opening up by honestly and selflessly performing their official duties. Nevertheless, the problem of corruption has also become alarmingly serious in the new situation, particularly the corrupt phenomena within the party and government organs. It has adversely affected reform and opening up, has undermined economic construction, and has hampered the establishment and growth of a socialist market economic structure to a glaring extent. In view of this situation, we should remain sober-minded, should continue to firmly grasp two types of work simultaneously as repeatedly called for by Comrade Deng Xiaoping, and should strive to more successfully and fruitfully press ahead with the anti-corruption struggle in a down-to-earth manner.

The party committees and governments at all levels across the province should implement all the central and provincial requirements relating to the anti-corruption struggle to

the letter and should concentrate on tackling key problems, stressing key units and all hot spots that have caused strong resentment among the masses. They should step up supervision and examination work and should organize and dispatch small but highly trained inspection teams to units at the lower levels. The discipline inspection, supervision, and judicial organs as well as other functional departments should divide work and strengthen coordination and cooperation among themselves in light of local realities with a view to fulfilling all three major tasks.

It is necessary to conscientiously investigate and handle cases that have been laid bare in the anti-corruption struggle, to severely punish criminals who deserve severe punishment without hesitation or indulgence, and to resolutely put an end to the practice of fining criminals instead of sentencing them. All areas throughout the province should waste no time in investigating and handling criminal cases by focusing on major and serious cases, should publicly sentence criminals, and should resolutely crack down on crimes so as to deepen the anti-corruption struggle even further.

In the anti-corruption struggle, we should also strive to perfect all types of systems so that all weak links and departments where corruption breeds quickly will be strengthened and we will be able to supervise, check, and eradicate corrupt phenomena. To this end, party and government leaders at all levels across the province should take the lead in honestly performing official duties while stepping up the anti-corruption struggle in their own areas and units. We should also make earnest efforts to tackle problems that have caused strong resentment among the masses and strive to achieve tangible results.

The discipline inspection commissions and supervision departments at all levels across the province have recently made public a number of hot-line telephone numbers and mailbox numbers which people can use to report corruption cases. I hope that the broad masses of the people will bravely expose corrupt phenomena, will assist the departments concerned in investigating and handling criminal cases, and will join hands in rooting out economic crimes such as embezzlement, bribery, and so on throughout the province. I'd also like to take this opportunity to urge those who have committed economic crimes to clearly understand the current situation, to stop committing crimes, and to surrender to public security organs so they can receive lenient punishment. Otherwise, they will certainly be severely punished in accordance with party disciplines and state laws.

### Guangdong Promotes Economic Ties With Territory

OW0411084293 Beijing XINHUA in English 0645 GMT 4 Nov 93

[Text] Guangzhou, October 4 (XINHUA)—The pace of economic integration of south China's Guangdong Province with Hong Kong and Macao has accelerated, which is expected to produce a far-reaching impact on the economic development of south China and even the entire Southeast Asian region.

With the implementation of the reform and opening policy, the economy of south China's Guangdong Province has developed rapidly thanks to contacts and cooperation with Hong Kong and Macao.

Enterprises funded by Hong Kong and Macao businessmen have mushroomed throughout the province with millions of sets of advanced technological equipment imported to the Pearl River Delta areas during the past decade.

According to senior trade officials of Guangdong Province, so far Hong Kong and Macao investors have set up more than 30,000 enterprises in Guangdong, which account for 60 percent of the total for the whole country.

Nine out of ten manufacturing plants in Hong Kong have moved production workshops to Guangdong during the past 15 years.

The output value created by the more than 3 million Guangdong employees of these enterprises has reached one-third of the total industrial output value of Hong Kong and Macao.

Guangzhou and the surrounding Pearl River Delta area have actually become a large processing base for Hong Kong, supplying ample products needed by Hong Kong's market and transit trade.

Characterized by the export-oriented economy, Hong Kong has long depended on transit entrepot trade and Guangdong has become not only its largest goods supplier but also its largest market on the mainland of China.

More than 70 percent of Guangdong's burgeoning export and import volume has been realized through forming a "trade corridor" with Hong Kong and Macao.

Close economic cooperation has benefited both sides.

So far overseas funds absorbed by Guangdong Province have totaled about 25 billion U.S. dollars, with 80 percent from Hong Kong and Macao, which has effectively promoted the economic development of the region.

Hong Kong and Macao have also enhanced the competitive abilities of their products on international markets by lowering production costs with Guangdong as their manufacturing base.

#### Guangdong Takes Tax Administration Measures

HK0311152993 Beijing ZHONGGUO XINWEN SHE  
in English 1429 GMT 3 Nov 93

[Text] Guangzhou, November 3 (CNS)—The taxation department in Guangdong Province has taken strong measures in administering taxation there in accordance with the law. By September, the total income derived from taxation in the province was RMB 23.617 billion [renminbi], RMB 5.85 billion up over the same period last year, registering an increase of 32.9 percent.

The taxation departments at various levels in Guangdong Province have since the beginning of this year stopped the appraisal and approval of all provisional and difficult tax

exemption and will no longer recommend duty-free measures. A leading group has been set up to check on existing taxation exemption in the province.

The taxation department in Guangdong has stipulated that tax on personal income and for investment in fixed assets will not be allowed exemption. Payment of tax must be resumed by those enterprises whose terms of tax exemption have expired. Administration of taxation will also be strengthened for individually-and privately-owned enterprises, exports and three type foreign-funded enterprises.

#### North Region

##### Hebei Secretary Commends Printers of Deng Works

SK0311073293 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 2 Nov 93

[Text] On behalf of the Hebei Provincial CPC Committee, Cheng Weigao, secretary of the provincial party committee, sent a letter to the staff and members of the Hebei XINHUA No. 1 Printing House for their satisfactory accomplishments in printing Volume 3 of the *Selected Works of Deng Xiaoping*.

Cheng Weigao said in his letter: The publication of Volume 3 of the *Selected Works of Deng Xiaoping* is a great matter relating to the political life of the whole party and all people of the country. The central authorities' decision to publish Volume 3 of the *Selected Works of Deng Xiaoping* has extremely important, realistic, and far-reaching historical significance in implementing the guidelines of the 14th party congress, in using Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to arm the whole party and unify the thinking of the whole party, in further deepening reform, in further expanding the scale of opening up, and in setting up the socialist market economic system. You merit commendation for the satisfactory and timely completion of the printing of Volume 3 of the *Selected Works of Deng Xiaoping*. I hope that the vast number of cadres and staff and workers on the publication front of the province will make consistent efforts to make further achievements in the publication of Volume 3 of the *Selected Works of Deng Xiaoping* and ensure the timely supply of the book for the broad masses of the party members, cadres, and people throughout the province.

The Hebei XINHUA No. 1 Printing House has glorious revolutionary traditions. Since implementing the reform and open policy, this old enterprise has been full of vigor and played a positive role in building the province's material and spiritual civilizations. I hope that under these new historical conditions, the broad masses of cadres, staff members, and workers in the printing house will conscientiously study Volume 3 of the *Selected Works of Deng Xiaoping*, use the theory on building socialism with Chinese characteristics to educate and arm the contingents of the working class; continue to carry forward the working class' high-degree spirit of being the masters of the country and the sense of historical responsibility in promoting the great cause of reform and opening up; wage an arduous struggle;

strive to grasp modernized science and technology; ceaselessly keep forging ahead; and make new contributions to building material and spiritual civilizations.

**Inner Mongolia Vice Chairman on Environment**

*SK041110593 Hohhot NEIMENGGU RIBAO in Chinese 21 Oct 93 p 1*

[Text] On the afternoon of 19 October, the financial and economic committee of the regional people's congress, the propaganda department of the regional party committee, the regional radio and television department, and the regional construction department held a news briefing on "a century's walk of China's environmental protection in Inner Mongolia." Zhou Weide, vice chairman of the autonomous regional government, answered questions of reporters on the region's environmental protection work.

[Reporter] What are the conspicuous problems in the region's environmental protection?

[Zhou Weide] Smoke pollution in the cities of the region remains rather serious, and more than 50 harmful materials are discharged into the atmosphere, of which settled dust, suspended dust, and sulfur dioxide are the most harmful. Settled dust has been reduced over the past few years but still surpasses the approved standard. Sulfur dioxide has yet to be fundamentally treated. Sulfur dioxide in 80 percent of the cities in the region exceeds the state's second-grade standard. The air pollution of all the cities in the region, except for Xilin Hot, exceeds the standards, and Hohhot's pollution is more serious among them. The discharge of industrial waste water continues in the region, and some waste water is discharged directly without any treatment into rivers and lakes, thus polluting the six major river systems in the region to varying degrees. Groundwater in some cities has been polluted by chromium, phenol, and nitrogen. Due to over-exploitation, the groundwater level in most cities has declined, and that of Hohhot city has dropped by more than 1.5 meters a year.

Industrial residues have increased by more than 400,000 tonnes every year in the region, and 15 million square meters of land have been used to store them, thus using large amount of farmland. Washed away by rain, many harmful materials have corroded soil and water and permeated the ground. The air pollution caused by the dust raised by wind is also very harmful. Urban noise has become a social problem of which the masses feel greatly resentful.

[Reporter] What is the current situation in the region's ecological environment?

[Zhou] The regional ecological environment in our region has notably deteriorated.

Grassland continues to decrease in the region, and only 900 million mu remains usable, accounting for 68 percent of the total. A total of 35.57 percent, or 213,000 square km, of the usable grassland has deteriorated, and 129,000 square km, or 21.54 percent, of it has seriously deteriorated. More than 150 million mu of grassland in the region has suffered a rat infestation, of which more than 60 million mu have suffered

serious damage. Insect pests have affected about 100 million mu, and grassland has been reduced by 5 million mu a year.

Land desertification continues to expand. According to a remote sensing survey, wind power has created 67,000 square km of deserts and 103,700 square km of sandy land, totaling 170,000 square km, which accounts for 15 percent of the total area of the region. Deserts have increased by 340,000 hectares every year.

Water and soil erosion is serious. In the total area of the region, 22.4 percent suffers water and soil erosion, of which 10.9 percent is damaged notably. Secondary salinized soil continues to spread. According to a remote sensing survey, 3,163 million hectares of land in the region have become salinized. Of the total, 470,000 hectares are cultivated land, accounting for 40 percent of the total cultivated land where irrigation can be guaranteed. Due to the continuous decrease of water resources, salinized inland basins and lake and river shores are also expanding.

Because the problems in the natural ecology have become important factors restricting the region's agricultural and animal husbandry development, we should be determined to solve them as soon as possible.

[Reporter] What countermeasures will the regional people's government take against these problems in the region's environmental protection?

[Zhou] The strategic idea for the region to address environmental problems is, from the perspective of the overall situation in the economic and social development strategy, to let environmental protection be manifest in the entire process of implementing economic and social development plan. We should achieve an overall balance between industrial, agricultural, and animal husbandry production and environmental resources; implement the industrial policy; properly arrange productive forces; and ensure the simultaneous planning, implementation, and development of economic construction, urban and rural construction, and environmental construction and the unity of economic benefits, social benefits, and environmental benefits. This is what we often call the coordinated development of economic construction and environmental protection.

We should conduct in-depth and persistent propaganda and education on environmental protection. We should disseminate the knowledge on environmental science, continuously enhance the sense of environmental protection and the sense of respect for the legal system of leaders at all levels and the masses, make them feel more active and urgent toward environmental protection, fully boost the enthusiasm of all trades and professions in the society, and develop the role of supervision by the masses and the press to make environmental protection a common responsibility of entire society.

We should step up efforts to improve the environmental protection departments at all levels and adopt administrative measures according to law to strengthen the supervision and management of environment. In addition to doing a good job in preventing pollution and protecting resources and the environment, we should order the units which cause

serious pollution and damage the ecological environment to make improvement within a definite time and should also deal with them sternly.

Based on relevant regulations of the state and the characteristics of the region, we should formulate and implement the policy measures conducive to environmental protection and raise funds to establish a foundation for preventing environmental pollution and ecological damage which is compatible with the region's economic and social development.

[Reporter] What is the special significance in carrying out the activities of "a century's walk of China's environmental protection" in the region?

[Zhou] "A century's walk of China's environmental protection" is a nationwide propaganda activity sponsored by the environmental protection committee of the National People's Congress [NPC], the propaganda department of the party Central Committee, the Ministry of Radio and Television, and the State Environmental Protection Bureau. Qu Geping, chairman of the NPC environmental protection committee, serves as chairman of this activity. This fully shows that the central authorities attach importance to the activity. The regional party committee, people's congress, and government also attach great importance to the activity to be carried out in our region. Through the activity, we hope that the entire society will enhance the sense of environmental protection and sense of respect for the legal system. Meanwhile, taking this as a turning point, we should address the conspicuous problems with which the masses feel most dissatisfied so as to achieve new progress and improvement in the region's environmental protection.

### Reportage on Tianjin Secretary's Activities

#### Addresses Scientific Meeting

SK0311084793 Tianjin TIANJIN RIBAO in Chinese  
15 Oct 93 p 1

[Text] The municipal science and technology association held a forum of scientific and technical specialists on the afternoon of 14 October. Municipal leading comrades Gao Dezan, Zhang Lichang, and Li Jianguo joined scientific and technical specialists in discussing the grand goal to promote scientific and technological advance and to accelerate Tianjin's development.

Since the beginning of this year, the municipal science and technology association has organized specialists of its subordinate academic organizations to extensively and seriously investigate and study ways to accelerate Tianjin's economic development. With a strong sense of responsibility for making more contributions to rejuvenating Tianjin, the vast number of scientific and technical workers went deep into the grass roots, conducted meticulous study, and gained plenty of real knowledge and deep insight. At the forum, seven comrades offered significant opinions and suggestions on ways to accelerate Tianjin's development in the auto and chemical industries and its construction of communications facilities. The specialists unanimously agreed: The auto and chemical industries are an advantage of Tianjin, and a very good foundation has been laid for

them. We should seize the opportunity to accelerate their development, expand their scale, and upgrade their quality so that they will truly become the pillar industries of Tianjin. They also agreed: Tianjin's existing scientific and technical forces should be organized and developed well so that the vast number of scientific and technical personnel can develop their talents to the hilt and a large number of scientific and technological achievements can be transformed into productive forces.

The municipal leading comrades attentively listened to the opinions and suggestions of the specialists and highly praised the hard work and contributions made by scientific and technical workers to Tianjin's development.

Zhang Lichang said in his speech: In the new situation in which the socialist market economy is to be developed, market competition is directly manifest in the competition of products, and the competition of products is, in reality, the competition of technology and personnel. As an old city in the processing industry, Tianjin should take the road of scientific and technological advance if it is to maintain strong competitive edges. All trades and professions in the municipality should further enhance the sense of urgency and responsibility toward reliance on scientific and technological advance, take the initiative in applying scientific and technological achievements, and, through technological progress, develop new products and improve their quality and standing. Tianjin will have great hope as long as we work hard together.

In his speech, Gao Dezan fully affirmed the contributions made by the municipal science and technology association and the vast number of scientific and technical workers to Tianjin's economic development. He extended heartfelt gratitude to Tianjin's scientific and technical personnel on behalf of the municipal party committee and government. He also pointed out: It is a very good measure to organize specialists and scholars to study and discuss the major issues concerning Tianjin's economic and social development. We should systemize it and persist in it. He said: To further accelerate Tianjin's development, we should persistently proceed from the reality of the municipality and develop our favorable conditions and advantages. A very important step is to blaze a road of reliance on scientific and technological advance, less investment, high output, and good efficiency. Tianjin has substantial scientific and technological forces, and personnel represent one of its most important advantages. By deepening reform, we should adopt more effective measures to develop the role of higher educational schools and scientific research institutes in developing the economy. Tianjin's development depends on the effort to rally a strong force, including the effort to further unite the vast number of scientific and technical workers, further boost their enthusiasm, and truly turn our advantage in personnel into the advantage in products and industries and into a strong impetus for the accelerated development of Tianjin. Leaders at all levels should embrace the idea that, to accelerate Tianjin's development, it is imperative to give doubled and redoubled attention to scientific and technological advance and have the initiative in gearing science and technology to the needs of economic

construction and relying on scientific and technological advance in developing economic construction.

Gao Dezan said: Next year will be a crucial year for Tianjin's economic development. From now on, the municipality should step up all work, seize every minute and adopt every means to win greater results in order to fulfill or exceed all our work targets and tasks. Meanwhile, preparations should be made for next year's accelerated development. We should go all out from the start of next year and, while improving quality, optimizing structure, and raising efficiency, achieve sustained, speedy, and healthy economic development.

Zheng Zhiying, Huang Qixing, Lu Huansheng, and responsible comrades of pertinent departments of the municipality attended the forum.

### Urge Study of Deng's Theory

SK0411133993 Tianjin TIANJIN RIBAO in Chinese  
16 Oct 93 p 1

[Excerpts] The municipal party committee held a meeting on the morning of 15 October for participants to give reports on the study conducted by Tianjin's leading cadres at the district, county, or bureau level of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Attending the meeting were Gao Dezan, secretary; Li Jianguo, deputy secretary; and Liu Fengyan, Fang Fengyou, Luo Yuanpeng, and Zheng Zhiying, standing committee members of the municipal party committee; as well as the leaders of the study center group and directors of the propaganda departments of the various departments, committees, and offices of the municipal party committee and government and the party committees of the various districts and counties. Through the reports and exchange of views, Tianjin's theoretical study was promoted continuously.

Comrade Li Jianguo presided over the meeting, and Comrade Gao Dezan gave an important speech. [passage omitted]

Gao Dezan pointed out in his speech: In attaching great importance to the study of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the municipal party committee has worked out clear arrangements for it and emphasized it on many occasions. The purpose of this meeting is to continuously promote the theoretical study of the entire municipality. In promoting the study, we should, first, further raise our awareness in the study. We should fully understand that the endeavor to arm the entire party, especially leading cadres at all levels, with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, which concerns the future and destiny of our party, our country, and the Chinese nation, is the foundation for party building, the foundation for guiding the in-depth reform, opening wider to the outside world, and accelerating development, and the foundation for ensuring the prosperity, strength, and lasting stability and order of the state. We must raise our awareness in the study and conduct it in a down-to-earth manner. Second, we should persistently integrate theory with practice more

successfully. Based on the reality in our thinking, we should continue to emancipate our minds and change our concepts. Based on the reality in our work, we should facilitate Tianjin's reform, opening, and modernization program. Based on the reality in improving leading bodies, we should also step up efforts to improve party style and build a clean government. Third, we should have more initiative in implementing the regulations of the municipal party committee on intensifying the study. We should adhere to the system of study and the system of supervision and inspection, adopt a scientific way of study, and emphasize real results in the study.

Gao Dezan also gave important opinions on the guiding thoughts for and demands on the work for the fourth quarter of this year. In the next two months and more, all work, like a race, will come to a stage for a final sprint. The general demands are to seize every minute to work harder and speed up the overall work; to adopt every means to comprehensively fulfill or surpass all tasks and targets; and to create favorable conditions to prepare well for next year's accelerated development. [passage omitted]

### Attends Family Planning Forum

SK0311094093 Tianjin TIANJIN RIBAO in Chinese  
16 Oct 93 p 1

[Excerpts] On 15 October, the municipal party committee and the municipal people's government jointly sponsored a forum on discussing advanced and general experiences gained in family planning work. It was stressed at the forum that leadership at all levels should realistically place the family planning work in a strategic position and on their important daily schedule. Efforts should be made to suit the work to the new situation, to adopt effective measures for the work, to grasp the work unwaveringly and more frequently, and to be sure to achieve practical results in the work. Leading personnel of party and government organs should take personal charge of the work and assume overall responsibility for it. Various social circles should make concerted efforts in the work, mutually grasp the work, conduct management over the work, and continuously improve the level as a whole in the family planning work.

Prior to the forum, Song Ping, president of China Family Planning Association, who was accompanied by Gao Dezan, secretary of the municipal party committee, and Zhang Lichang, mayor of the municipality, received all comrades attending the forum and took a group photo with them. During the reception, Comrade Song Ping delivered a speech in which he said: Birth control is a basic state policy favorable for the country, the people, and individuals themselves. Over the past few years, comrades working on the family planning front have fostered many good experiences and made contributions to bringing population growth under control. He extended congratulations for the advanced and typical experiences gained by the municipality in family planning work and to all workers on the family planning front. He also wished the municipality continuous and greater achievements in the work. Gao Dezan also made a speech in which he said: The reception

given by Comrade Song Ping to the participating representatives is strong encouragement spurring the municipality, as well as powerful support for municipal family planning work. In line with the demands set by the party and the state for family planning work, we should continue to do a good job in bettering the municipal work of bringing the population growth under control and in improving the work to a new level based on existing foundations.

During the forum, the representatives of cadres from the units that had fostered advanced and typical experiences in family planning work and from the grass-roots family planning centers successively voiced their opinions. In line with their personal experience, they vividly and specifically described a series of gratifying changes in their family planning work, such as the curtailment of births, the better care for babies, an upgrade in the quality of children, and increased standards of living for the household, in their activities of enforcing birth control and in developing the economy. The responsible comrade of the municipal family planning commission delivered a report on the situation in the municipality's family planning work. [passage omitted]

Vice Mayor Zhu Liankang presided over the forum. Attending the forum were Zheng Zhiying and Wang Hongjiang, members of the municipal party standing committee; Zhang Guanwen, secretary general of the municipal people's government; and responsible persons from the departments concerned in 18 districts and counties.

#### Receives Taiwan 'Compatriots'

SK0311091893 *Tianjin TIANJIN RIBAO* in Chinese  
24 Oct 93 p 1

[Text] After a three-day session, the fourth Tianjin municipal congress of Taiwan compatriots was concluded in the Wenquan Guest House on the afternoon of 23 October.

The congress' delegates were received by and took a group photo with the following municipal leading comrades to mark the occasion: Gao Dezhao, Zhang Lichang, Li Jianguo, Li Shenglin, Zheng Zhiying, Zhu Wenju, Ye Disheng, Huang Yanzhi, Liao Canhui, and Zhang Guanwen.

During the reception, Gao Dezhao, secretary of the municipal party committee, extended congratulations on the successful conclusion of the congress. He urged Taiwan compatriots throughout the municipality to enhance their contacts with the island so as to promote the exchanges and economic development between the municipality and the island and to make still greater contributions to accelerating municipal reform, broadening opening, and building the two civilizations.

After successfully fulfilling the tasks set for the congress, the delegates elected the Fourth Council of the Tianjin Federation of Taiwan Compatriots, whose president is Chen Heng [7155 0077].

#### Northeast Region

##### Heilongjiang Vice Governor on Anticorruption

SK0111073293 *Harbin HEILONGJIANG RIBAO* in Chinese 29 Sep 93 pp 1, 3

[Speech by Chen Yunlin, vice provincial governor, at the third plenary meeting of the provincial government on 27 September: "Resolutely Realize the Anticorruption Tasks and Objectives"]

[Text] The central topic for discussion at this provincial government plenary meeting is to implement the guidelines of the second plenary session of the central discipline inspection commission, the enlarged standing committee meeting of the provincial party committee, and the plenary session of the provincial discipline inspection commission; study and implement the work arrangements on anticorruption of the party Central Committee, the State Council, and the provincial party committee; resolutely fulfill and realize all anticorruption tasks and objectives defined by the provincial party committee; and guarantee that the expected results will be achieved. Meanwhile, we should work out plans and make good arrangements for the whole province's economic work during the fourth quarter of this year in line with the demand of upholding the principle of taking a two-handed approach and be tough with both and Comrade Weiben's speech on "making overall work arrangements for the next four months" and on "using the anticorruption achievements to promote and guarantee the smooth progress of economic construction, reform, and opening up."

##### On the Arrangements and Plans for Conducting the Anticorruption Struggle in Government Departments

1. During the anticorruption struggle, governments at all levels and their subordinate departments have to shoulder extremely important responsibilities.

First, they should clearly understand the situation of anti-corruption struggle, fully recognize the seriousness and harmfulness of the corrupt phenomena, and deeply understand the hopes and demands which the party and the people have pinned on them. During recent years, passive and corrupt phenomena have tended to spread and develop: Major and appalling cases have increased in number; the passive and corrupt phenomena of abusing one's power to seek personal gain have spread and developed; the trend of engaging in extravagance and waste have become more acute and some leading cadres and office personnel have morally degenerated; problems on using the banner of developing the market economy to avail oneself of loopholes in policies and law to reap staggering profit have occurred unceasingly; and the problems of serious bureaucracy and dereliction of duty have allowed and shielded the corrupt phenomena and elements. These problems have aroused the strong discontent of the broad masses of party members, cadres, and the people. If we allow these corrupt phenomena to develop, we will surely cause widespread indignation and discontent and bring destruction on ourselves. While showing bitter hatred to these passive and corrupt phenomena, the broad masses of people have also pinned great

hopes on the party and the government, hoping that the party and the government would adopt effective measures to eliminate phenomena and to guarantee the smooth progress of reform, opening, and economic construction in line with the popular feelings. To look into the condition of the people and to meet the people's demand, at present, the party Central Committee, the State Council, and the provincial party committee have made the greatest decision to conduct an anticorruption struggle, clearly defined guiding ideologies, adopted a resolute attitude, and formulated a series of important measures. During this struggle, our governments at all levels and their subordinate departments must resolutely overcome the erroneous idea that anticorruption is the work task of the party committees and the discipline inspection committees and that this work has nothing to do with the governments; realistically enhance the sense of urgency and responsibility; implement the work plans of the party Central Committee, the State Council, and the provincial party committee on anticorruption in places where needed and grasp it until good results are achieved.

Second, Judging from the status, functions, and role of the governments at all levels and their subordinate departments, especially the provincial government and its subordinate organs, they should also assume responsibility for anticorruption work. The provincial government is the top administrative organ of the whole province, shouldering direct responsibility over the anticorruption struggle of government departments across the province; in addition, whether the functional departments of the provincial government are honest, practical, and highly efficient or not is a focus of attention of the masses of cadres across the province. The provincial government's various functional departments are shouldering the leadership and management tasks of various fronts and trades, respectively assuming direct responsibility over the anticorruption struggle of various fronts and trades and imposing a decisive influence on the practice of all fronts and all trades.

Some negative and corrupt phenomena exist at varying degrees in all levels of governments and their subordinate departments. In fact, many problems concerning corruption revealed by the CPC Central Committee and the provincial party committee mainly exist in some power departments of governments, law-enforcing administrative departments, and economic lever departments. Although some monopoly trades do not belong to governments, the unhealthy trends existing in these trades are more or less related to governments or government departments. At least, some localities and departments were too weak and too lenient in enforcing discipline and laws in these trades in the past, thus encouraging and even shielding and conniving with the unhealthy trends of these trades. By the end of 1993, whether we can achieve results at the present stage in line with the demands of the provincial party committee depends to a large extent on the endeavor of various departments of the governments. Therefore, from the angle of solving the problems existing in the governments themselves and strengthening the building of political power, or from the angle of exercising government functions and duties and exploiting the ability of

managing and controlling social and economic lives, governments at all levels and their subordinate departments should all pay high attention to the anticorruption struggle, actually assume responsibility for this work, and strive to yield results. This is also a severe test on the leading and administrative ability of our governments at all levels.

2. We should vigorously grasp implementation, and resolutely fulfill the short-term work targets for the anticorruption struggle set forth by the CPC Central Committee and the provincial party committee.

The CPC Central Committee, the State Council, and the provincial party committee made arrangements and set definite demands on the short-term anticorruption struggle. In his speeches to the enlarged plenary session of the provincial party committee and the second plenary session of the provincial discipline inspection commission, that were just convened, Comrade Sun Weiben set forth the short-term work tasks and goals for the anticorruption struggle in line with the province's actual situation and demanded us to adopt resolute measures to prevent corrupt phenomena from spreading. His speeches inspired the hearts of the party and the people.

The provincial government demanded that governments at all levels in the province and their departments should conscientiously implement the guidelines of the speeches made by Comrade Sun Weiben at these two sessions, give prominence to grasping well the major short-term tasks on the anticorruption struggle by the end of this year, and make breakthroughs in the following three aspects:

A. Leading cadres of governments at all levels and their departments should take the lead in maintaining administrative honesty and self-discipline. From now to the end of October, beginning with leaders of the provincial government, leading cadres at or above the county and section levels should all conduct a strict comparison and examination in line with the five regulations set forth by the central authorities and with the two regulations added by the provincial party committee in line with the province's actual situation. All those who violate these regulations should first correct themselves. Leading cadres at or above the department and bureau levels of various prefectures and cities should set an example in this aspect. The provincial government should emphatically manage well the cadres of the provincial, prefectural, city, department, and bureau levels. Various prefectures, cities, and the organs directly under the provincial authorities should emphatically manage well the cadres at or above the county and section levels. During the examination, attention should be paid to correcting the problems of individuals and collectives. All the government organs that do business and run enterprises should go through the formalities of separating themselves from the governments in line with regulations. All the leading cadres who hold concurrent jobs at economic entities of various kinds should all resign one of their jobs. Those who are actually needed to hold concurrent jobs within a short period of time should be examined and approved in strict accordance with procedures. Leading cadres are not allowed to use the opportunity of holding weddings and funerals to accept large amount of cash

present. Leading cadres should not be allowed to accept unreasonable bonuses and cash presents. Those who accept cash presents and all sorts of negotiable securities during official activities must hand over all the cash presents and securities to higher authorities. Otherwise, they will be regarded as obtaining illegal benefits and then be punished. Those who use public funds to participate in high-consumption recreational activities should pay all the money they have used. Through this work, we should enable our leading organs and leading cadres at all levels to not only make a marked progress in maintaining administrative honesty but also make a marked progress in their style of work so that we can truly enforce orders and prohibitions vigorously and speedily.

B. We should resolutely eliminate several unhealthy trends about which the masses have strong complaints so as to gain the trust of the people. At present, the corrosive phenomena of which the masses have strong complaints are not only limited to the individuals' corruption and bribery activities but involve the activities of wantonly collecting funds, apportioning expenses, and imposing fines in the name of governments, departments, and monopoly trades. Simultaneously, the aspects endangered by these corrosive phenomena and the harmfulness of these corrosive phenomena have far exceeded the influence of any individual depraved persons. Therefore, the provincial government urged that the provincial government and its departments should be the first to eliminate corrosive phenomena. The governments at various levels and their departments should be determined to solve the prominent problems of their localities, departments, key trades, and key units. It is necessary to conscientiously straighten out and correct the unhealthy trends that should concentratively be rectified according to the requirements of the central authorities and the provincial party committee. All administrative and managerial departments, administrative and law enforcement departments, and economic management departments should immediately check the problems of wantonly collecting funds. It is necessary to immediately correct the money collection items and standards wantonly defined by the departments and units themselves. These items and standards, no matter which responsible departments have defined them, should be straightened out and corrected according to the regulations promulgated by the State Council. All unreasonable money collection items, defined by any levels, should first be suspended and then be straightened out. All violators should be handled, and their responsible departments and responsible leaders should also be investigated. We should punish them according to not only administrative discipline but also economic discipline. In October, the provincial government will openly declare a decision on abolishing a number of items of wantonly collecting funds and also organize forces to concentratively investigate and handle the activities of departments and trades wantonly collecting funds, about which the masses have strong complaints. All departments should conscientiously treat these problems, make self-examination, and conscientiously make self-correction. In the period of eliminating the phenomena of wantonly collecting funds, we

must not work out any new administrative items for collecting funds. At the time of wantonly collecting funds, we should adopt methods to especially eliminate the unhealthy trends within trade about which the masses have strong complaints and ensure the elimination of the unhealthy practices within departments and trades one after another. It is necessary to conscientiously sort out and correct the problems of the railway, financial, power, postal and telecommunications, security, industrial and commercial, tax affairs, epidemic prevention, and urban construction trades are abusing power for apportioning expenses and seeking private gains, knowingly violating laws, wantonly collecting funds, and refusing to offer paid service. We should also conscientiously examine and correct the unhealthy trends of using public funds to go out of the country for trips, to decorate private houses, to buy new imported luxurious sedan cars, to engage in lavish dining and winding, and to attend expensive entertainment activities. Those whose cases are serious and those who create evil influence should sternly be handled according to regulations. According to the guidelines of the second plenary session of the provincial discipline inspection commission and the specific requirements of the "Opinions on Implementation" made by the provincial government, we should realistically work out specific measures for straightening out and correcting these problems, also make public the results of correction to society, accept the supervision by the masses, strive to make noticeable achievements by the end of this year, and strive to enjoy the trust of the people.

C. We should concentrate energy to investigate and handle unlawful and undisciplined cases. The priority is to investigate and handle the unlawful and undisciplined cases relating to leading organs, leading cadres, judicial departments, administrative and law enforcement departments, economic management departments, and their working personnel, including the cases of indulging in corruption and bribery, perverting justice for bribes, and diverting public funds to speculate in stocks, land, and houses to reap staggering profits; the cases of office cadres participating in smuggling activities and supporting, tolerating, and giving shelter to the manufacturing and marketing of fake and poor-quality commodities; and the economic criminal cases of corruption and bribery to the neglect of duties.

Supervision, auditing, and judicial organs should exert greater efforts in handling cases, list the clues already discovered, and devote energy and time to investigating and handling, as soon as possible, a number of law and discipline breaches that have created great impact and danger and incurred great popular indignation. When deemed necessary, people involved in these cases should be punished, dismissed, or transferred to judicial organs to have their responsibilities investigated. We should not procrastinate, hesitate, or be soft-hearted in handling these cases. Regarding the major cases which have a great impact and are difficult to handle, the responsibility system should be instituted whereby leaders are responsible for the handling of large and serious cases. Provincial vice governors and directors of departments and bureaus should be responsible for handling the large and serious cases connected with the

departments or work under their charge. They should surmount all obstacles to thoroughly investigate the cases. Leadership forces ineffective in handling cases should be replenished, and those who intervene in the investigation and handling of cases should be exposed and sternly dealt with. We should further strengthen the crime reporting work and rely on the masses to achieve success in the anticorruption struggle.

To make sure that good results are achieved in the aforementioned three aspects of work before the end of this year, we should adopt the following measures:

First, we should conscientiously implement the "Opinions of the Provincial Government on Carrying Out the Anticorruption Struggle in the Near Future" adopted at this plenary meeting. Governments at all levels and their subordinate departments should organize implementation of the tasks, demands, methods, and steps stipulated in the "Opinions" in the down-to-earth manner. They may draw up more specific plans based on the reality of their own departments, trades, and localities.

Second, competent departments should fully perform their functions and strengthen coordination. Leading organs and competent departments at all levels should perform their own responsibility to achieve success in the anticorruption work of their own localities, departments, and trades and solve well their conspicuous problems. Supervision, auditing, and judicial departments should actively serve as good advisers to government leaders and coordinate with key departments and units to achieve success in the anticorruption struggle. In the "Opinions," the provincial government assigned different key anticorruption work tasks to departments according to their functions. Leading departments and the units in charge should hold the responsibility for the assigned tasks and accomplish them according to requirements.

Third, the responsibility system should be established for every level to be responsible for the work of the next lower level, and leadership over the anticorruption struggle should be conscientiously strengthened. Top leaders at each level should assume full responsibility for honest performance of official duties. Work has been assigned clearly to leaders of the provincial government. Governor Shao Qihui assumes full responsibility for the anticorruption work of the provincial government, mainly taking charge of the anticorruption work of the members of the leading body of the provincial government and the entire government departments. Vice governors are responsible for the anticorruption work of the fronts under their charge and the honesty and self-discipline of the cadres at and above the level of deputy director of the departments under their charge. The assistant to the governor and the secretary general assist the governor in the anticorruption work according to the responsibility assigned them. Leading comrades of the governments at all levels and various departments should clearly divide work among them in line with this principle and establish a responsibility system to make sure that there are people to hold the responsibility for fulfillment of all the tasks of the anticorruption struggle.

3. Based on the ideas for reform, we should study and formulate the new methods and new measures for the anticorruption struggle in the condition of the socialist market economy.

We should note that the current anticorruption struggle is launched in new historical conditions. We should not handle the new conditions and new problems totally with the ideas and methods for the anticorruption work we have adopted during the period of the planned economy. All levels of governments, all departments, and all trades should comprehensively implement the guidelines of the 14th party congress in line with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and with the party's basic line; should emancipate the mind and seek truth from facts closely around the center of economic construction; and should study and formulate new ideas and new methods for launching an anticorruption struggle under the new situation in line with the principles of ensuring the success of reform and opening up and promoting the establishment of socialist market economic system.

First, the anticorruption struggle should be launched in combination with the implementation of major reform measures and administrative and economic policies. Along with the constant deepening of reform, a series of major reform measures and administrative and economic policies will be put into effect one after another. We must clearly notice that corrosive things often stubbornly attach themselves to new things to grow and spread. Because it is impossible to implement major reform measures and administrative and economic policies very perfectly at the beginning, and it is impossible to put all reform items in place all at once, some people have frequently used their functions and powers to seek illegal benefits. Meanwhile, along with the development of the situation and with the deepening of the anticorruption struggle, the spreading sphere of negative and corrupt phenomena and the manifested forms of these phenomena also change continuously. This requires our governments at all levels to conscientiously study the problems that will probably emerge in developing clean politics and to study the countermeasures for these problems when formulating new policies and measures. In this aspect, various localities and departments have already adopted some feasible methods. For instance, they have used the methods of open bidding to prevent the case of abusing powers to extort money when carrying out real estate development, contracting projects, operating vehicle lines, and leasing market stalls. They have adopted the methods of making public their working system and work results, depending on the supervision by the masses, and handling affairs on the spot to solve the problems of abusing power to seek personal gains in the employment of laborers, distribution of students, distribution of property and goods, and issuing licenses and residence cards. They have adopted the methods of exchanging cadres, avoiding nepotism, and taking turns to hold key posts to solve the problems of appointing cadres by favoritism and nepotism. They have adopted the methods of evaluating the administrative honesty of leading cadres, making leading cadres receive and handle the petitions from the masses, setting up report mailboxes, and letting leading cadres go down to the

grass-roots levels for work to learn about and discover the clues for corrupt cases from among the masses. These good methods should be carried on persistently and should be continuously summarized, enhanced, and popularized in practice.

Second, we should perfect the legal system, handle affairs according to laws, and strengthen the restriction mechanism and the supervision mechanism. In punishing the corrupt, we should, generally speaking, depend on the building of democracy and the legal system, depend on the establishment and perfection of the socialist market economic system, and depend on the building of socialist spiritual civilization. Now, we are precisely in the period of changing from old systems to new systems. The defects of old systems have not yet been eliminated, new systems have not yet been formed, mechanisms and the legal system are not perfect enough, the policy boundaries of some problems are not clear, the standards for the right and the wrong are not identical, and loopholes exist in work and management, thus causing many difficulties in the anticorruption struggle. Therefore, to make the anticorruption struggle develop soundly and with good results, we must first perfect the legal system. Governments at all levels must resolutely safeguard the seriousness of laws and regulations and strive to attain the goal that the law must be observed, their enforcement must be strict, and law breakers must be dealt with. For the problems that are not definitely stipulated in laws and regulations but need urgent solution in practice, various localities, departments, and trades should positively and actively formulate corresponding regulations in line with the criterion of "facilitating the development of productive forces, facilitating the strengthening of national strength, and facilitating the improvement of people's living standards," and in reference with related rules and regulations in order to clearly distinguish right from wrong, define boundaries, and strengthen the restriction on behavior. Stipulations that have been drawn up should be easy to operate. They should not only consist of rules to let everyone know what he is prohibited from doing but also consist of orders to clearly define how breaches should be handled. In addition, the mechanism of supervision should be strengthened, and all channels for supervision should be fully developed, including inner-party supervision, supervision by functional departments, supervision by the masses, and supervision by the media.

Third, corruption should be comprehensively tackled with both radical and temporary measures. Comprehensive tackling means that we should take the overall situation into consideration when opposing corruption, adopt a macro viewpoint to study the cause and effect of corrupt phenomena, and eliminate the sources of problems. While paying attention to rules and regulations, policies, and the supervision mechanism, we should also pay attention to systems and management, conduct study of deep-seated causes, and put forward specific measures to counter them to gain the initiative in the anticorruption struggle.

Adopting both radical and temporary measures means that we should attend to two aspects of work when opposing corruption. One is to attend to punishment and strictly

punish corrupt elements, and the other is to attend to prevention and eliminate the hotbed of corrupt phenomena. The latter task is even more arduous. We should note that the market economy is conducive to the rational disposition of resources, but the negative factors in the market activities will also have an adverse influence on people's concepts on life, value, and morality. Combined with the remnant feudal and capitalist ideas, these problems will make such erroneous ideas as money worship, pleasure seeking, and ultra-individualism become more rampant. This requires that governments at all levels and their departments always regard the ideological and political education of their personnel as the foundation for opposing corruption and advocating honesty, pay close attention to it, and make it a success. As ancient people put it well, "things become rotten before they breed worms." External causes always become operative through internal causes. A fundamental victory in the anticorruption struggle can be achieved only when we help cadres improve their ideological and political quality, through study and education, raise their awareness in serving the people wholeheartedly, enhance their initiative in abiding by law and discipline in an exemplary manner, and improve their ability to resist corruption and avoid degeneration, and only when we create a good macro environment by supporting healthy trends and dealing blows to unhealthy trends and create a social atmosphere where corrupt phenomena find no place in which to live.

Fourth, we should master policy bounds and ensure the smooth progress of the anticorruption struggle, reform, opening up, and economic construction. The fundamental purpose of the anticorruption struggle is to comprehensively uphold the party's basic line and ensure the smooth progress of reform, opening up, and economic construction. At present, some comrades wrongly hold that "party style and administrative discipline should make way if the economy is to be promoted" and set the anticorruption work against economic construction, reform, and opening. Others maintain that mass action or mass movement is necessary in opposing corruption. They think that the current measures are not enough in addressing problems, and that a "revolution" must be launched to "oppose corruption" through "leftist" ideas and methods. They even regard the problems emerging due to unclear policy in reform and opening up as corrupt phenomena and make "everyone conduct self-criticism," making everyone feel insecure. These two tendencies are detrimental not only to the healthy development of the anticorruption struggle but also to reform, opening, and economic construction. The anticorruption work should be firmly focused on economic construction, which is the central task, and should eliminate the interference in economic construction and create a relaxed and favorable environment for it. Anticorruption is a task related to major policies. Thus, we must strictly grasp the lines of demarcation in applying policies; distinguish those who proceed from reality in fully and flexibly applying the policies of higher levels from the activities of taking advantages of reform and policies to seek private gains for small groups and individuals; distinguish the mistakes made due to lack of experiences from the unlawful activities of knowingly

breaking laws and being opportunistic; distinguish the activities of appropriately retaining portions of profits, conceding benefits, and giving awards through the economic contacts between enterprises from the activities of engaging in corruption and giving and accepting bribes; distinguish the normal receptions in economic contacts from the lavish wining and dining with public funds; and distinguish the activities of enterprise leaders appropriately using their functions and rights from the activities of abusing power for private gains and damaging the legal rights and profits of the people. In the final analysis, we know that the "three conductives" standards are of the most fundamental importance. The activities that conform to the "three conductives" standards should justly be protected. Any deviations should be corrected in a timely fashion. On the contrary, various kinds of unlawful activities that go against the "three conductives" standards should resolutely and sternly be investigated and handled. We should promote the smooth progress of reform, opening up, and economic construction through the anticorruption struggle.

#### **On the Arrangements for the Government Work in the Next Three Months**

The fundamental purpose to wage the anticorruption struggle is to promote a faster and better economic development. At the time of tiding over the tendency of treating the corrosive problems leniently, we must not neglect the economic work but ensure that we do not shake the principle of taking the economic construction as a key link. We should deeply implement the guidelines of the No. 6 document of the central authorities, strengthen macroeconomic regulation and control, work in line with the guidelines of Comrade Sun Weiben's speech made at the enlarged meeting of the provincial party committee that concluded recently, focus on grasping the three great matters, and continue to promote the 22 key work tasks as defined by the provincial government at the beginning of the year. The 22 key work tasks defined by the provincial government according to the 12 great matters of the provincial party committee are the major issues relating to the province's economic and social development. Thus, we should thoroughly and effectively implement them. The central task of the provincial government in the next few months is that on the premise of ensuring the social stability and the stability of the people's feeling, we should firmly take the economic construction as a key link, continue to maintain the trend of stable and sound economic development, and prevent results and speed from declining.

1. We should clearly understand the situation, have a firm belief, and take the work of stabilizing and promoting the sound and fast economic development as an unshakable central task.

At present, we should pay attention to overcoming negative and pessimistic feelings. Over the past years, the province's economic growth rate has been comparatively slow. Nevertheless, we should understand that the prospect for development is decided by the positive application of promotion factors and the elimination of restrictive factors and is judged by our achievements in bringing our subjective activity into play. Judging the economic situation in the first

eight months of this year, we know that the provincial economic development trend is healthy and stable. It is a foregone conclusion that the province will reap a bumper agriculture harvest this year by tiding over the drought, waterlogging, and low temperature. The industrial enterprises halted the situation of registering a zero increase in the first four months of this year and continued to maintain a stable growth rate under the circumstances of the national industrial growth rate declining. The industrial production in the first eighth months of this year increased by 3 percent over the same period of last year and by 0.3 percentage point over the figure in the first seven months of this year. According to the calculation made by the provincial department in charge of the overall work, the province will be able to maintain a stable economic growth trend by the end of this year. If we achieve and promote our work, it will be certain that industrial production will not be reduced from the current level. The GNP and the industrial output value are expected to reach the growth targets as defined at the beginning of this year. The leading comrades of the governments at various levels and all departments should keep sober-headed, have a firm belief, guide all people of the province to work hard, and promote the development of the economy ceaselessly along a good orientation.

2. We should concentrate our efforts on maintaining a stable increase and good trend in industrial production.

First, we should adopt every possible way and means to help enterprises deal with the fund problems and concentrate the forces of various circles on supporting and ensuring the normal operation of industrial production. Various relevant departments should do as much as possible in supplying funds needed by industrial production in the fourth quarter. The financial departments should vigorously organize their deposits to enhance the capability of releasing loans and intensify the withdrawal of illegally lent funds so as to ensure the saturation of demands for key projects. They should provide support as much as possible for the stable increase of industrial production and create conditions for this purpose. They should organize enterprises to curtail their overstocking by promoting sales, to successfully recover the money of sold goods, and to enliven their funds. We should resolutely implement the demands adopted at the plenary session of the provincial party committee and the demands made by Comrades Weiben and Qihui in their speeches at the session. A good job should be done in using the 600 million yuan of central authorities' loan and concentrating efforts on protecting enterprises that have earned large profits and taxes and on protecting key enterprises and the production of key products. Departments in charge of economic work and comprehensive departments should pay attention at all times to dealing with the contradictions and problems occurring in the operation of key enterprises mentioned above. They should particularly notice that the current quarter has a bearing on the economic development of two years. Enterprises should not only take the production of this year into consideration but also take the reserve work for the production of the first quarter next year. Therefore, as for the difficult problems that cannot be dealt with by enterprises themselves or by departments responsible for the work, the leadership of governments at all levels

and of relevant departments should adopt the measure of conducting official work at enterprises and make concerted efforts in a timely manner to solve them.

Second, we should continue to deepen the enterprise reform; enhance the strength in reform; and accelerate the pace of having enterprises shift their business mechanism by following the ideas of reform and in line with the demands of establishing the socialist market economy. We should continuously promote the reform of property rights of enterprises and in technical renovations, actively take up the pilot work of enforcing shareholding system, and broaden the task of bringing in foreign capital for "technical grafting" on the one hand; and, on the other hand, we should accelerate the pace of having the state-owned enterprises be run by ordinary people and having people own their own enterprises and have the small state-owned enterprises open themselves to the outside world. In line with the demands adopted at the Huachuan conference sponsored by the provincial party committee, we should enable the small state-owned enterprises (not only including industrial enterprises but also grain and commercial ones) to develop as soon as possible along the orientation with multiple ownership and multiple management of assets.

Third, we should continuously do a good job in establishing new economic and productive centers, including township enterprises, enterprises of tertiary industry, and individually run and privately owned enterprises. After the provincial conference on township enterprises this year, the increased scale of township enterprises has consistently been kept around 50 percent, which has played a promoting role in the province's economic growth. Individually run and privately owned enterprises and the enterprises of tertiary industry have also achieved swift development and their higher increased-scale has also played an active and promoting role in the province's economy. Governments at all levels and relevant departments, particularly unit at county and township levels, should continuously maintain a high-speed increase in this regard by regarding the maintenance of increase in this regard as an important task. The provincial party committee and the provincial people's government will convene a conference on the suburban economic work of urban areas in the fourth quarter. Various social circles should be well prepared for this conference. By actively fostering new economic growing points, we should continuously pour vigor into the province's economy so as to accelerate the developing speed and to increase economic results.

3. A good job should be done in grasping the rural work and maintaining or bringing the peasants' enthusiasm into play.

Our province has reaped again a bumper agricultural harvest this year, and the total grain output is expected to reach 42.5 billion jin. As the autumn harvesting is in sight, we should do well from start to finish in grasping agricultural production to ensure a rich income from the rich harvest. Efforts should be also made to organize in a timely manner the rural cadres and people to actively and successfully make preparations in various fields for agricultural production next year. Governments at all levels and relevant departments should do a good job in emphatically grasping

the following three matters of rural work: 1) A good job should be done in purchasing farm and sideline products; enhancing the readjustment and control; realistically strengthening the leadership over the departments of banking, finance, and grains; and upholding the method of enforcing the fund responsibility system in purchasing farm and sideline products so as to ensure no debts in grain purchase this year. Various prefectures and cities should report their grain purchasing work to the provincial people's government every 10 days. As for problems occurring in the purchase, local governments and relevant departments should be called to account. 2) We should attend to promoting the marketing of agricultural and sideline products. Now, only a small proportion of agricultural and sideline products are procured by the state according to plans, and a large proportion of agricultural and sideline products should be sold through markets. All levels of governments and all pertinent departments should keep abreast of this change. Under the situation of peasants lacking information and market competition experiences and ability, all levels of governments and all pertinent departments should strengthen service and guidance to peasants, should jump out of the convention of managing only the service before and during production but not the sales after production, and should strive to expand the channels to market the province's agricultural products in order to prevent products turned out by peasants through hard work from being held a long time in stock. 3) We should continue to reduce peasants' burdens and protect and mobilize any initiative they take. Along with the increase in peasants' income, the problem of some departments and units making demands on peasants may again gain ground. The provincial government has reaffirmed that once these problems are uncovered, they must be investigated and dealt with severely. We must consolidate the achievements made in reducing peasants' burdens this year to maintain stability in the rural situation.

4. We should continue to improve the work with regard to foreign trade and border trade and depend on the export-oriented economy to promote the development of the provincial economy.

We should consolidate and develop the achievements made in foreign trade, border trade in particular, and pay attention to solving circumstances and problems as they arise. Owing to the turbulent political situation in Russia, adding the changes taking place in the market situation after China's macroeconomic regulation and control, some unfavorable circumstances have taken place in the border trade situation, too many goods have been kept for a long time in stock, and some corporations have begun to withdraw their personnel and funds, thus giving rise to the trend of changing from "hot" to "cold." We should conscientiously solve these problems. The provincial party committee and the provincial government have decided to hold the provincial conference on the comprehensive economic development of border counties in late October. This is a practical step to accelerate the upgrade the strategy on opening of border areas. We should conscientiously make good preparations. We should make great efforts to ensure the source of funds for the foreign investment projects to be discussed

during this year's Harbin trade talks and to be discussed in Hong Kong and the ROK. We should further accelerate the pace of pushing our enterprises to the world markets, enable our enterprises to establish contacts with foreign countries in the fields of technology and marketing as quickly as possible, and strive to expand the share of the province's products on the world markets.

5. We should ensure social stability and create a good social environment for reform and development.

All localities and all pertinent departments should immediately organize forces to find out what problems affecting social stability remain and should formulate appropriate methods to solve problems and alleviate contradictions in order to nip problems in the bud at a grass-roots level and to prevent a few contradictions from causing serious social problems. All levels of governments and all departments and trades should establish the responsibility system for this work to ensure the stability of society and public feeling.

In conclusion, we want to stress the issue of making good preparations for the work of the upcoming year. The fourth quarter is an important period that will affect the work of two years. In this quarter, we should not only do this year's work well from beginning to end but also make good preparations for doing next year's work well. "Something will succeed with good preparations and will fail without preparations." All levels of governments and all departments must research and define the general idea, major tasks, and work priorities for next year's work in line with the demand set by the 14th party congress on establishing a new framework of the socialist market economic system. In line with the actual situation of the province, all pertinent departments should pay special attention to studying how to further invigorate large and medium-sized enterprises. This is also a major test on our ability to control the socialist market economy and is a major issue we cannot evade in establishing the socialist market economic system.

### Jilin Province Reports 'Good Harvest' for 1993

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[Text] Changchun, November 4 (XINHUA)—Jilin Province in northeast China, the country's major grain provider, has reported a good harvest this year.

According to statistics, the province's grain output is expected to surpass 19 million tons, a rise of 600,000 tons from last year.

Thus this year will rank second in terms of grain output, only less than the record 20.45 million tons recorded in 1990.

Meanwhile, the province has seen a sharp increase in cash crop output as well as in livestock breeding and rural industry this year.

Farmers' income will climb to 860 yuan per capita, up 50 yuan over last year, local economists predict.

As one of China's key agricultural bases, Jilin now has cultivated farmland totaling 5.35 million ha under staple

crops including maize, Chinese sorghum, rice and soybean. The export volume of maize and soybean together represent a 60 percent share of the province's total.

Wang Guofa, deputy governor in charge of local agriculture, attributed the bumper harvest to the province's favorable policies for agriculture and agrotechnique promotion, which have successfully protected farmers' interests.

He said that local agriculture has maintained a rapid growth rate in spite of frequent natural disasters this year.

To secure a stable outlet for farm products, 80 percent of cities and counties in the province have signed 46 million contracts with farmers on agricultural and sideline products purchasing, involving a sum of 3.2 billion yuan.

To build a market-oriented agriculture, the provincial government has rescinded obligatory plans for grain planting and purchasing, Wang added.

In response, the areas of soybean, peanuts and red beans, which are in great demand on the market, have been expanded, while the areas under less profitable crops such as rice and sunflowers have been decreased.

A survey report reveals that the area under soybean has increased by more than one fourth compared with last year.

The deputy governor noted that Jilin has abolished 45 types of taxes on farmers and now strictly controls price fluctuations among agricultural facilities.

In addition, the province has budgeted more than 76 million yuan for price subsidies for chemical fertilizers and diesel oil.

This year saw Jilin pour 5.3 million yuan into the promotion of agrotechniques and issue an interest-free loan of 20 million yuan for fostering new agricultural varieties and technology.

So far, more than 20,000 scientists are working on 285 agrotechnical projects across the province.

### Liaoning Secretary Gu Jinchi Inspects Anshan

SK0411084593 Shenyang Liaoning People's Radio  
Network in Mandarin 1000 GMT 3 Nov 93

[Text] From 31 October to 2 November, Gu Jinchi, secretary of the provincial party committee, inspected Anshan city and also held talks with city leaders, some enterprise general managers, and some plant directors.

During the inspection, Secretary Gu Jinchi talked about the issue of developing large and medium-sized enterprises. He said: Large and medium-sized enterprises, particularly old enterprises, should begin from a high starting point and adopt high technology to conduct technological transformation. Large and medium-sized enterprises should use their advantages of having skilled persons, technologies, and equipment; and select and organize the production of high-technology products, the products in short supply, and the products that cannot be produced well by other enterprises. Simultaneously, large and medium-sized enterprises should

also work in cooperation with institutions of higher learning and scientific research units to develop technology, economy, and management.

In regard to the issue of helping some large and medium-sized enterprises stop deficits, Gu Jinchi pointed out: The lack of technological plans is the cause of some large and medium-sized enterprises' losses. Thus, we have to investigate and study the enterprises one after another and solve the problems one by one. We should proceed from reality to work out specific and flexible plans. It is necessary to experiment with the plans that should be implemented on a trial basis and to popularize those that should be used.

He said: Enterprises cannot only rely on reducing taxes and conceding profits. The governments should use market mechanisms to guide enterprises. Simultaneously, the local governments should also have the ability to regulate and control the economy, including the input of capital. Otherwise, it will be difficult for enterprises to reduce their deficit burdens.

In regard to the unfavorable influence from macroeconomic regulation and control, Gu Jinchi pointed out: We should grasp this favorable opportunity to scientifically calculate the market, timely readjust the product mix, improve the quality of products, increase the varieties of products, and welcome the future market challenge. By doing so, we will be able to turn unfavorable conditions into favorable ones.

While inspecting Anshan, Gu Jinchi also visited the Anshan Iron and Steel Company, the Anshan General Bicycle Company, (Nantai) Town, and (Tenglao) Town; held talks with responsible grass-roots comrades; exchanged opinions with them; and helped them reduce their worries.

He urged these units to speed up their development pace, increase the scale of profits, perfect their management mechanisms, accumulate more reform experiences, and make new contributions to Liaoning's second pioneering work.

### **Northwest Region**

#### **Qinghai Commentator Discusses Nationality Unity**

HK0311093593 Xining *QINGHAI RIBAO* in Chinese  
21 Oct 93 p 1

[Commentator's article: "Create a Sound Social Environment, and Speed Up Reform and Opening Up"]

[Text] Ever since the beginning of reform and opening, under the leadership of the party Central Committee, the State Council, the provincial party committee, and the provincial government, and with the concerted efforts of the people of all nationalities throughout the province, Qinghai has attained remarkable results in economic construction and social development. However, due to historical reasons and poor natural conditions, Qinghai lags behind other provinces in economic growth. It is the common aspiration and a principal concern of the people of all nationalities throughout the province to consolidate and promote the political situation of unity and stability under the guidance

of the spirit of the 14th party congress, persistently center our efforts around economic construction, speed up the pace of reform and opening up, and concentrate our energy on achieving economic growth.

China's contemporary history and the realistic situation of today's world tell us that international competition and market competition are, in essence, a trial of comprehensive national strength based on economic and scientific strength. Whether or not economic construction develop quicker is not only a major economic issue, but also a major political one. Ours is a province where minority nationalities live in compact communities. Therefore, accelerating the economic development of regions inhabited by minority nationalities, reinforcing the unity among different minority nationalities, and constantly enhancing the living standards of the people of all nationalities are important tasks entrusted to us by our time, and also a requirement we should fulfill in an effort to persistently follow the socialist road.

To speed up the pace of reform, opening up, and economic development, we need, first of all, a unified and stable political situation. Without longlasting order and peace in the country, without social and political stability, and without harmony and unity among the people of all nationalities, we can never succeed in reform, opening, or economic construction; nor can we expedite development. From this we can thus see how important it is for us to create a sound social environment. For precisely the same reason, international anti-China forces and a handful of evildoers inside the country who are hostile to the socialist system are always trying their best to make trouble in this aspect, some fabricating rumors to mislead people and others inflaming and inciting people, in an attempt to sabotage the present situation of stability and unity and to reach their hidden goal. We should maintain sharp vigilance against such people.

To create a sound social environment in a multinational province, we need to hold high the banner of national unity, do a good job in reeducation in the national policy, and rely on the unity of the people of different nationalities to attain new and greater victories. All nationalities are equal in the big nationality family of our motherland. The Han nationality and all others, minority nationalities, as well as the various minority nationalities, are bound together by ties of fraternal friendship, and none can develop without the help of the others. In our country, there are no special citizens or nationalities which are not subject to the restrictions of the law. Our cadres and masses, especially leaders at all levels and Communist Party members, should establish a Marxist nationality outlook, oppose not only Han chauvinism but also parochial nationalism, value state and national interests above all else, and play an exemplary role in maintaining social stability and national unity. Meanwhile, we should also carry out the party's policy on religious freedom correctly. Ours is a socialist country under the leadership of the CPC, and legitimate religious activities are protected by law. However, we should by no means allow religion to interfere in politics, or to run counter to the party's leadership, the socialist system, and the country's policies and

principles. We should act according to the law and abide by the law. It is necessary to strengthen management over religious institutions and reinforce legal education among the masses of believers. Only when we carry out the party's religious policy comprehensively and correctly can we give full play to the role of patriotic religious organizations and better guide the masses of believers to plunge themselves into the torrent of reform, opening, and economic development; and can we take a clear-cut stance on major issues of principle, firmly stand on the side of the party and the people, deal heavy blows at illegal and criminal activities as well as counterrevolutionary activities in the garb of religion, resist the infiltration of hostile foreign religious forces, and safeguard the unification and national unity of the motherland.

The socialist market economy is a legal economy. To create a sound social environment for reform, opening up, and the modernization drive, we must uphold the principle of paying attention to two types of work simultaneously, attaching equal importance to each. Reform, opening up, and economic construction and development have set higher requirements for the building of spiritual civilization. We need to give full rein to the advantages of ideological and political work; further strengthen ideological education on the party's basic line among cadres and masses, as well as education on patriotism, collectivism, and socialism; guide our cadres and masses to establish correct ideals, faith, and value outlooks; and conscientiously resist the corrosion of decadent ideologies of capitalism and feudalism. We should fulfill the task of building spiritual civilization down to every grass-roots unit in both urban and rural areas, and reinforce the structural building of urban and rural grass-roots institutions of power. We will vigorously spread cultural and scientific knowledge among cadres and masses in both urban and rural areas; enhance the spirit of national self-respect, self-confidence, and self-dependence; try hard to bring up a new generation with lofty ideals, moral integrity, education, and a sense of discipline;

and constantly push reform, opening up, and the socialist modernization drive to a new stage.

"Numerous branches and leaves spring from the same root, people can turn soil into gold when they are of one heart." The objective of struggle and fundamental interests of all citizens in the big family of the Chinese nation coincide. A nation can be rejuvenated when its people live and work in harmony. So long as we closely rally around the party Central Committee with Comrade Jiang Zemin as the core, uphold the four cardinal principles, firmly safeguard the political situation of unity and stability, and enhance the unity among all nationalities we can overcome all difficulties and hardships and march triumphantly in the course of reform, opening up, and the socialist modernization drive!

#### **Xinjiang Promotes Science, Technology Programs**

*OW0411032693 Beijing XINHUA in English 0227  
GMT 4 Nov 93*

[Text] Urumqi, November 4 (XINHUA)—Northwest China's Xinjiang Uygur Autonomous Region is set to begin the fifth year of its campaign to popularize new skills and techniques among farmers and herdsmen.

During the campaign, called the "winter of science and technology," 85,000 training courses attended by 4.43 million farmers and herdsmen have been held. The courses include skills in the growing of Chinese medicinal herbs and vegetables and the raising of sheep.

Experts say that the campaign has improved the capability of farmers and herdsmen.

In southwestern Xinjiang, the per mu (0.067 hectares) wheat output has increased from 300 kg four years ago to 1,048 kg. And the net income from wheat growing increased by 165 million yuan.

Local residents say that the campaign has provided them with much needed techniques by utilizing the freezing, boring winter, which lasts between four to five months.

**ARATS, SEF Exchange Notes on Fishing Issues**

*OW0311134493 Beijing XINHUA in English 1305  
GMT 3 Nov 93*

[Text] Xiamen, November 3 (XINHUA)—The two non-governmental organizations from either side of the Taiwan Straits today agreed to set up mediating bodies to deal with fishing disputes.

The draft agreement was concluded at the second day of the talks between the Association for Relation Across the Taiwan Strait (ARATS) from the mainland and the Taiwan-based Straits Exchange Foundation (SEF), in this city of east China's Fujian Province today.

The two sides exchanged draft documents on fishing disputes, including settlement principles and methods, prevention of disputes, compensation for losses, how to liaise between the two sides, the setting up of mediation bodies by each side and their functions.

Sun Yafu, deputy secretary-general of ARATS, said that he hoped that the fishermen across the Taiwan Straits would tackle their disputes through consultations on the basis of respecting facts, being fair and showing consideration to each other.

He said that ARATS objects to the settlement of the disputes by force.

Sun held that the mediating bodies on fishing disputes should inform each other in good time for the sake of solving the problems.

**Association Notifies SEF of Planned Panda Tour**

*OW0411090593 Beijing XINHUA in English 0831  
GMT 4 Nov 93*

[Text] Beijing, November 4 (XINHUA)—A panda tour to Taiwan has been scheduled by the Association for Relations Across the Taiwan Straits (ARTS), the association said here today.

The ARTS wrote today to the Straits Exchange Foundation (SEF), saying that the mainland will send a pair of pandas to Taiwan for a tour in December this year.

It said the Taipei Zoo and another zoo in Taichung city are expected to be chosen as showplaces. The panda's tour will last three months at each site.

The tour was co-sponsored by ARTS and the China Wildlife Conservation Association (CWCA), which has asked SEF to participate in organizing the tour.

Pandas are the national treasures in China and are loved by everyone on the mainland. However, people in the other side of the straits also have been longing to see the animal.

The ARTS' letter said the tour has been organized to satisfy the strong desire of the Taiwan compatriots and to promote the development of cross-straits exchanges.

**Australian Trade Minister Peter Cook Arrives**

*OW0311142493 Taipei CNA in English 1348 GMT  
3 Nov 93*

[By Flor Wang]

[Text] Taipei, Nov. 3 (CNA)—Australian Trade Minister Peter Cook arrived in Taipei Wednesday [3 November] for a three-day visit.

Cook and his party were greeted by Vice Foreign Affairs Minister Fang Chin-yen and Colin Heseltine, Australia's representative to the ROC [Republic of China], at Chiang Kai-shek International Airport.

Cook is the second ministerial-level official from Australia to visit the ROC since the two countries severed diplomatic relations in 1972. The first was Alan Griffiths, who visited in October 1992 as the minister of tourism and resources.

Cook said he hopes to woo more Taiwan investment to Australia and strengthen bilateral trade ties during his stay.

While here, Cook will attend a joint meeting of the non-governmental Taiwan-Australia and Australia-Taiwan business councils and a government-level ROC-Australia economic cooperation conference. He will also call on President Li Teng-hui, Foreign Affairs Minister Chien Fu, and Economic Affairs Minister P.K. Chiang.

**Li Teng-hui Meets Cook**

*OW0411113393 Taipei CNA in English 0805 GMT  
4 Nov 93*

[By Y. C. Tsai]

[Text] Taipei, Nov. 4 (CNA)—President Li Teng-hui Thursday [4 November] told visiting Australian Trade Minister Peter Cook that the Republic of China [ROC] is determined to seek national unification.

While meeting with the Australian minister, Li said the international community should understand the ROC's goal for eventual unification, though it is an undeniable fact that China is divided now.

The Republic of China on Taiwan and Mainland China are two separate political entities on equal footing, he stressed, adding "We have taken measures to safeguard peace across the Taiwan Strait, to which we have attached great importance."

The president also noted that political democracy and market economy will pave the way for regional cooperation.

Cook said that Australia, as an Asia-Pacific country, has aimed to push for regional trade and cultural cooperation in the hope of promoting prosperity in this part of the world.

Li pointed out that strengthened cooperation among such Asian countries as Australia, New Zealand, Japan, and the ROC would certainly have a positive impact on the international community.

The Australian minister, who arrived in Taipei Wednesday for a three-day visit, is the second ministerial-level official from Down Under to have visited Taiwan since Canberra switched its diplomatic recognition to Beijing in 1972.

Alan Griffiths, former tourism and resources minister and now minister for industry, technology, and regional development, visited Taipei in October last year.

**Norwegian State Secretary, Delegation Arrive**

*OW0111125293 Taipei CNA in English 0811 GMT  
1 Nov 93*

[By Chung Chin-lung and Danielle Yang]

[Text] Bonn, Oct. 31 (CNA)—Norway's State Secretary Marianne Andreassen arrived in Taipei Monday [1 November], marking the first time in 44 years a ranking Norwegian official has visited Taiwan.

Andreassen, who is in charge of trade and transportation, was accompanied by Norwegian Foreign Ministry official Sigurd Endresen [name as received] who is in charge of bilateral trade relations and a fishery group.

Andreassen said she is visiting Taiwan to discuss relaxation of bilateral trade barriers and to lobby for Norwegian companies seeking contracts in Taiwan's ongoing construction projects.

Andreassen's visit follows in the footsteps of Sweden and Denmark, both of which have sent minister-level officials to Taiwan to explore business opportunities.

She said she will ask Taipei to lower imports tariffs imposed on Norwegian fish. Increasing salmon sales in Taiwan have attracted the attention of Norway, which is seeking a piece of the lucrative market.

In exchange, Taipei hopes the Scandinavian country can relax its import quotas on Taiwanese textile products and skiing equipment.

In addition, Norway is interested in bidding for several construction projects related to the ongoing six-year national development plan, and hopes Norwegian manufacturers will have chances to fairly compete with other foreign companies.

During their stay in Taipei, the Norwegian officials and fishery representatives will visit the Ministry of Foreign Affairs, Economics Ministry, and the Council of Agriculture.

**Cabinet Approves Trade Accord With Switzerland**

*OW0411112793 Taipei CNA in English 0756 GMT  
4 Nov 93*

[By Sofia Wu]

[Text] Taipei, Nov. 4 (CNA)—The cabinet Thursday [4 November] approved an agreement signed in August by the Ministry of Economic Affairs with Switzerland for the establishment of a temporary admission of goods (ATA) system.

Under the agreement, the Republic of China [ROC] will issue ATA carnets to Swiss products brought here for temporary display purposes. With such certificates, the products can be exempted customs duties, but must be taken out of Taiwan within one year. Switzerland will also give similar treatment to Taiwan goods.

The products subject to the ATA system include articles to be shown in trade fairs and art exhibitions. The system is also applicable to musical instruments as well as medical and photographic equipment brought here by Swiss professionals.

The ATA system aims to facilitate commercial and cultural exchanges between the two countries, Economics Ministry officials said.

Switzerland is Taiwan's major trade partner in central Europe. Two-way trade between the two countries reached US\$1.4 billion last year.

The ROC has also signed similar ATA accords with South Korea, South Africa, Singapore and the 12-member European Community.

#### **Envoy Attends Trade Fair in Dominican Republic**

*OW3010095493 Taipei CNA in English 0805 GMT  
30 Oct 93*

[By Huang Kwang-chun and Danielle Yang]

[Text] Panama City, Oct. 29 (CNA)—The 1993 Republic of China [ROC] trade fair opened Friday [29 October] in the Dominican Republic capital of Santo Domingo.

More than 20 Taiwan manufacturers will ply their wares at the week-long trade fair. Products on display include computers, electronics and electric products, bicycles, car components, machine tools, cosmetics, toys, furniture, and sporting goods.

The trade exhibition is sponsored by the China External Trade Development Council (CETRA) and the ROC Embassy in the Dominican Republic.

ROC Ambassador to the Dominican Republic Kuo Kang and Dominican Foreign Affairs Minister Juan Taveras presided over the opening ceremony. A number of other dignitaries, including Dominican Government officials, party leaders, entrepreneurs, foreign diplomats and Overseas Chinese leaders also attended.

Kuo said the exhibition would help promote trade opportunities for both countries and improve understanding of Taiwan.

There is great room for trade development between the two countries, Kuo said, adding that ROC exports to the Dominican Republic total some US\$71 million every year, while imports do not top US\$1 million.

Taveras also said bilateral trade should be expanded so as to further strengthen cooperative relations between the two countries.

Taveras expressed admiration for ROC's economic development, saying that President Joaquin Balaguer had instructed government agencies to fully use the technical assistance provided by Taiwan to develop the Republic's economy.

#### **Beijing-Funded Hong Kong Banks Help Exchanges**

*OW0111171793 Taipei CNA in English 1428 GMT  
1 Nov 93*

[By Bear Li]

[Text] Taipei, Nov. 1 (CNA)—Hong Kong-based, Beijing-funded banks are playing an increasingly important intermediary role in commercial exchanges between the two sides of the Taiwan Strait, according to a report released Monday by the Chunghua Institute for Economic Research.

The report said such banks help transfer letters of credit issued by banks in Taiwan and Mainland China as well as handle cross-strait remittances. Taiwan still bans direct financial exchanges with the mainland.

The banks are also providing counseling services for Taiwan businessmen intending to invest on the mainland as well as offering them financing for their mainland operations, the report said.

It noted that although the Beijing-funded banks account for only 7 to 8 percent of the total bank assets in Hong Kong, they command a significant share of the British colony's financial services market.

Deposits at the banks account for 20 percent of total deposits of all Hong Kong banks, according to the report. They also offer 16 to 19 percent of the total bank lendings in the colony.

The report said the banks have several advantages in the highly competitive Hong Kong financial services market, including a great number of branches in the colony, close ties with mainland-based financial institutions and special privileges offered by Beijing authorities.

In the short term, the report said, Taiwan banks' branches in Hong Kong should consider cooperating with the Beijing-financed banks in checking clients' credit worthiness and evaluating their investment projects.

They should also jointly sponsor seminars on banking and financial regulations on both sides of the Taiwan Strait, the report added.

#### **Farm Exports Facing Competition From Mainland**

*OW0111115793 Taipei CNA in English 0801 GMT  
1 Nov 93*

[By Lillian Lin]

[Text] Taipei, Nov. 1 (CNA)—Taiwan's farm product exports have been facing increasing competition from Mainland China, especially in Japan, according to an economic researcher.

Chiu Yi of the Chunghua Institute of Economic Research said Mainland China's agricultural exports to Japan have continued to grow since 1990, while Taiwan's market share for similar products has shrunk over the past few years.

In 1992, Taiwan's agricultural exports to Japan reached US\$2.79 billion, with pork, marine food, wooden products and leather goods the major export items.

During that year, Mainland China exported US\$2.52 billion worth of agricultural products to Japan, mostly marine food, vegetables, fruits and grains.

Chiu said Taiwan eels, shrimps and tea, staples of Taiwan's agricultural exports, are facing increasing competition from Mainland China.

In Hong Kong, Taiwan oranges are gradually losing their market to Mainland China, which is supplying the British colony with fresh oranges at lower prices.

Japan, Hong Kong and the United States are the major markets for Taiwan's agricultural products. Mainland China's exports record the most sales in Japan, Hong Kong and the Commonwealth of Independent States.

#### **Group To Tour Spratlys for Oil, Gas Exploration**

*OW0311144893 Taipei Voice of Free China in English 0200 GMT 2 Nov 93*

[From the "News" program]

[Text] A group of officials and technical experts will be sent to the disputed Spratly Islands this month to prepare for oil and gas exploration in the area. The group will also study the feasibility of building an airstrip and port on Taiping, an island in the Spratly chain on which Taiwan marines are stationed, the local CHINATOWN TAIWAN [as heard] newspaper quoted an unnamed official as saying. Taiwan wants to jointly develop natural resources in the Spratlys with other countries that claim sovereignty over the chain, and the group's proposal will be presented at future international conferences on the Spratlys. Details and exact date for the visit by the group, which will include officials from the state-run Chinese Petroleum Corporation and the Ministry of Transportation and Communications, are being kept secret for security reasons.

#### **New Wildlife Law 'Sharply' Increases Penalties**

*OW041112693 Taipei CNA in English 0748 GMT 4 Nov 93*

[By Lilian Wu]

[Text] Taipei, Nov. 4 (CNA)—The Council of Agriculture (COA) Thursday [4 November] approved revisions to the Wildlife Conservation Law which sharply increase the penalties for violators.

Under the proposed revisions, violators face up to seven years in jail and fines of up to NT\$2.5 million [new Taiwan] (US\$92,592).

The draft revisions will be sent to the Executive Yuan and Legislative Yuan for approval. COA hopes the revisions will take effect within one year.

COA noted that those who kill or hunt endangered wild animals will face up to five years in prison and NT\$200,000 (US\$8,780) in fines under the revised law.

Those who engage in the trade, exchange, import, export or processing of endangered wildlife will face up to seven years in prison and fines of up to NT\$1.5 million (US\$55,555), COA added.

The revisions also call for the establishment of a shelter for endangered animals and a wildlife animal foundation, COA said.

#### **Ivory Smuggler Indicted in South Africa**

*OW2810095893 Taipei CNA in English 0806 GMT 28 Oct 93*

[By Chang Jer-shong and Danielle Yang]

[Text] Johannesburg, Oct. 27 (CNA)—A 33-year-old Taiwan man was indicted in Pretoria Tuesday [28 October] on charges of ivory smuggling.

Hou Chih-chi, who was arrested last Saturday, was later released on US\$29,600 bail. A court in Johannesburg will hold a hearing on the case on Nov. 19.

Hou was arrested after police confiscated 465 kilograms of ivory bound for Taiwan from a cargo container in Durban.

Police traced the ivory to Hou. During a search of his house, they found tools used to cut ivory and deer antler.

Lt. Col. Piet Lategan of South Africa's endangered species protection unit said two of Hou's accomplices might have escaped to Taiwan and he urged the Republic of China [ROC] Government to capture the suspected men and charge them in Taiwan or extradite them to South Africa for prosecution.

Lategan said the ivory may have originated in Zimbabwe. He recommended a joint ROC, South Africa, and Zimbabwe task force be formed to deal with the problem of ivory smuggling.

The Republic of China Embassy in South Africa Wednesday condemned illegal trade in wild life products which are protected under the Convention on International Trade in Endangered Species (CITES) and said it will fully cooperate with the South African police.

#### **Violent Crime Indictments, Executions Decrease**

*OW0411105593 Taipei CNA in English 0745 GMT 4 Nov 93*

[By Danielle Yang]

[Text] Taipei, Nov. 4 (CNA)—The number of people indicted for violent crimes in the first nine months of 1993 has decreased significantly over 1992 tallies, statistics released by the Directorate General of Budget, Accounting and Statistics (DGBAS) showed.

During the January-September period, 11,277 people were indicted for committing violent crimes, down 4.3 percent over the same period of 1992.

The largest drop was seen in indictments for intimidation and kidnapping, down 40 percent to 688.

The number of people indicted for interference of personal freedom dropped 14 percent to 1,937, while 1,450 people were indicted for robbery and burglary, about the same as recorded last year, the statistics showed.

A total of 13 criminals were executed during the first nine months of 1993, down from 31 in a similar period of 1992, DGBAS statistics revealed.

**Hong Kong****Patten on 'Some Way To Go' To Agree With PRC**

HK0411061993 Hong Kong RTHK Radio Four in English 0500 GMT 4 Nov 93

[From the "News at One" program]

[Text] The Governor Chris Patten says there is still some way to go in reaching an agreement with China over the territory's political reform. Mr. Patten refused to confirm reports of progress at the Sino-British talks made at yesterday's meeting of the Foreign Affairs Committee in London. However, he did say that the meeting was told by both government and independent lawyers that the British proposals on political reform did not breach the Basic Law or the Joint Declaration.

[Begin recording] [Patten] Its instructive to see how comprehensibly the lawyers, independent lawyers who were questioned on the issue yesterday, had dismissed those allegations. They regarded them as being completely untrue. They regarded everything we have done so far as being entirely in line with the Joint Declaration, the Basic Law, and the understandings and agreements between the two sides. If anything, as you will see, one or two of the lawyers were rather critical about some things that the Chinese officials have said or done. So I hope from on we can put that piece of rhetoric behind us and get on with the job of trying to build a better and more successful and more open and prosperous future for Hong Kong. That is what we want to do. That is why we are taking part in these talks in good faith.

I very much hope that those talks will lead to a successful conclusion. But there is still, I am afraid, some way to go. [end recording]

**Official Warns Legco To Be Ended Without Pact**

HK0311142993 Hong Kong Television Broadcasts Limited in English 1200 GMT 3 Nov 93

[From the "News at 8:00" program]

[Text] China has warned Hong Kong's legislature will be disbanded in 1997 if there is no agreement with Britain on electoral arrangements for 1994 and '95. A member of the Standing Committee of the National People's Congress, Zhou Chengkui, delivered that message today. He also said references in the Basic Law to a through train for legislators will be invalidated. His comments came as a subgroup of the Beijing-appointed Preliminary Working Committee started discussing the formation of the first post-1997 legislature. Jenny Lam reports from Beijing:

[Begin recording] [Lam] This is the Beijing-appointed think tank on Hong Kong's constitutional problems, a subcommittee of the Preliminary Working Group, or the PWC, is meeting in Beijing for two days [sentence as heard].

[PWC member Lau Siu-Kai] (?The) agenda (?basically) is to discuss the formation of the first SAR [Special Administrative Region] legislature and the study of the relationship between the executive and the legislature after 1997.

[Lam] Sino-British talks have failed to yield results on electoral arrangements after months of political bickering. PWC member Maria Tam says it's still hoped that an agreement can be reached, but otherwise the PWC will have to consider how to face a new situation.

[Tam] It's also part of our work to make sure there is no legislative vacuum, i.e. that what should be in place by 1 July in terms of either government structure or legislative—you know—proposals, or even rules or regulations could be made, so that nobody has to face uncertainty.

[Lam] Another member, Lau Siu-Kai, suggested four alternatives in dealing with the post-1997 legal vacuum: First, a temporary legislature can be established after China has disbanded the Legislative Council [Legco], one which Beijing will not recognize if Sino-British talks fail. Second, the Chinese Government can pass laws for Hong Kong. Or third, the Chinese Government can authorize Hong Kong's chief executive to pass laws by executive order. Fourth, the 1996 Preparatory Committee will take on a legislative role.

After today's session a National People's Congress spokesperson explained that if Sino-British talks break down and there is no legislative through train, then the section of the Basic Law referring to the through train concept will no longer be applicable.

[Zhou Cheng-kui, in Mandarin with English subtitles provided; processed from the Mandarin] This is not a question about the scope of the Basic Law. The original sections were in the Basic Law to implement the concept of the through train. Without a through train, the sections in question will become invalid, and legislators will all have to get off the train.

[Lam] Jenny Lam, TVB News, Beijing. [end recording]

**Editorial: PRC 'Softening' Tone on Human Rights**

HK0411024093 Hong Kong SOUTH CHINA MORNING POST in English 4 Nov 93 p 16

[Editorial: "China Softens Its Line"]

[Text] Lu Ping's reported promise not to repeal the Bill of Rights after 1997, but merely to seek to modify its legal status to keep it in line with the Basic Law, appears to mark a softening in the tone of Chinese attacks on Hong Kong's human rights code. It is a welcome step forward from the days when Chinese officials regularly threatened to "take appropriate countermeasures" after 1997, should the Bill be found to be incompatible with the Basic Law.

However, it is too early to celebrate. The change seems to be more of tone than of substance. The director of the Hong Kong and Macao Affairs Office continues to claim the Bill will have to be modified to remove what John Kamm, the human rights lobbyist to whom he made his remarks, described as the Bill's preemptive status. From the beginning, it was the Bill's supremacy over other Hong Kong laws that most concerned Beijing.

Yet it was precisely that supremacy that liberal lawyers and human rights groups here regarded as the Bill's most valuable aspect. Even the most comprehensive Bill of Rights

would be of little use unless it had the force to render invalid any law found to conflict with its provisions.

Some encouragement may be drawn from the report that Mr Lu regards the contents of the Bill as unexceptionable. In the past, Chinese officials expressed concern, among other things, that it would undermine the effectiveness of the territory's law enforcement agencies. That was a fear shared by many within the law enforcement establishment itself. But it also indicated China's determination to extract every ounce of the Draconian power bequeathed it under the territory's often outdated colonial laws.

Nevertheless, China's continued failure to understand the need for the Bill of Rights to enjoy a measure of supremacy remains a matter for serious concern. In the months of diplomatic maneuvering that preceded the Bill's enactment, the Government carefully reduced its original status to leave the future Basic Law supreme. And to ensure China understood this, the Bill was entrenched through an amendment to the Letters Patent, Britain's pre-1997 constitution for Hong Kong, which would lapse when it was superseded by the Basic Law. The Government also left the Legislative Council free to repeal the whole Bill of Rights by simple majority, instead of a two-thirds majority, as local liberals had demanded.

The Bill is in large part a carbon copy of the International Covenant on Civil and Political Rights. The Basic Law states that the provisions of the covenant shall remain in force in the territory. Here Mr Lu would seem to have a problem, for downgrading the effect of the provisions of the Bill of Rights would be in conflict with the intent of the Basic law. If Mr Lu is still considering diluting the Bill's status, the people of Hong Kong can take little comfort from the provisions either of the Bill itself or of the Basic Law.

#### Daily Carries Past Deng Speeches on Territory

##### 1984 Speech on Prosperity

HK0411091893 Hong Kong T4 KUNG PAO in Chinese  
3 Nov 93 p 3

[“Main part of speech” by Deng Xiaoping to delegation of Hong Kong and Macao compatriots, 3 October 1984; place not given: “Maintain Hong Kong’s Prosperity and Stability”]

[Text] I am happy to see so many of you come to attend [National Day] celebrations. As I see it, Hong Kong must be full of promise. This time, those who have come to attend the celebrations are people from all professions and trades, with different political viewpoints. This shows that you all agree to China recovering sovereignty over Hong Kong and the contents of the agreement which has been concluded by China and the United Kingdom. To put it another way, we have had a common major premise and a common goal, that is, loving the motherland and loving Hong Kong and maintaining Hong Kong's prosperity and stability in the coming 13 years and beyond. If everybody makes concerted efforts, this goal certainly can be achieved. After 1997, people here who are in their sixties and seventies will become less energetic. However, there are many young people here. Young people have strong points. On my part,

I am willing to live to 1997 to see China recovering sovereignty over Hong Kong with my own eyes.

Some people are worried that the policies will change when people like us are no longer around. I thank all of you for the trust you place in old men like ourselves. Today, I want to tell you that our policies will not be changed and no one can change them because they have produced the desired results, are correct, and have won the support of the people. Now that they are supported by the people, those who want to change them will be opposed by the people. The contents clearly set out in the Joint Declaration will surely not be changed. Even during the past chaotic years we, the central government and the CPC Central Committee, have meant what we said in the international community. Being trustworthy is our nation's tradition which was not created just by people of our generation. It is an embodiment of the demeanor of our ancient big country, a great and proud country. As a big country, we have our own dignity and standards to follow. In the agreement, we said things will remain unchanged for 50 years. We mean it. They will not be changed during the period of people of our generation and also not be changed in the period of people of our next generation. After 50 years, the mainland will be developed, and then would it be possible for the mainland to deal with these problems so narrow-mindedly [xiao li xiao qi 1420 6849 1420 3049]? So, you should not worry about change. They cannot be changed. Even if there are changes, they are not all bad. Some changes are good. The question is what to change. Is Chinese recovery of Hong Kong not a change? Therefore, we should not say in general terms that we are afraid of change. If anything is to be changed, it must surely be changed into a better one and made more conducive to Hong Kong's prosperity and development rather than harmful to the interests of the Hong Kong people. This change is worth welcoming. You must not believe it if someone says that everything will remain unchanged. We cannot invariably say that all ways in Hong Kong under the capitalist system are flawless. Even capitalist developed countries have their own strong and weak points if compared with one another. Is it not a change to lead Hong Kong in a healthier direction? The Hong Kong people will welcome such a change and they themselves will demand change. This is definitely unquestionable. We are also undergoing changes. That the socialist system remains unchanged is the greatest thing not to be changed. The “one country, two systems” policy is a major change and so are rural policies. In several days time we are to hold a plenary session of the Central Committee to discuss rural reform, which is also a change, an earth-shattering change. The question is whether things change in a good or bad direction. We should not reject change and if we do, we will be unable to make progress. This is a question of the way of thinking.

Another problem is that some people are worried about intervention. We should not worry about intervention in general terms. Some interventions are necessary. We should judge if such interventions are conducive or harmful to the interests of the Hong Kong people and Hong Kong's prosperity and stability. In terms of the current situation, from now to 1997, Hong Kong will pass the 13 years in an orderly

manner and then it will pass another 50 years in the same way. I am confident about this. However, on no account should we think that there are no destructive forces. They may come from this and that aspect. If disturbances occur, the central government will intervene, turning disorder into order. Should such an intervention be welcomed or rejected? it must be welcomed. Therefore, we must make a specific analysis of things. I have discussed the question of participation in the 13-year transition period. Participation is a form of intervention. Naturally, this participation is participation by the Hong Kong people rather than Beijing, and the central government supports such participation. It is unimaginable that an overhaul of personnel could have been accomplished overnight by 30 July 1997. If so, once the new leading body assumes power and is unfamiliar with everything, will this not lead to disturbances? Even if it does not lead to disturbances, it will cause confusion. In the six or seven years of the later transition period, all professions and trades should recommend a number of young and capable people to participate in the Hong Kong Government's administration and even in financial management. It will not do to avoid participation. By not participating, we will be unfamiliar with the situation. In the course of participation, there will be chances to find out and choose talented people to let them manage Hong Kong after 1997. There is only one condition for those participants: they must be patriots or they must be people who love the motherland and Hong Kong. After 1997, those in power in Hong Kong will still pursue the capitalist system but they should not act harmfully to the interests of the motherland and the compatriots in Hong Kong. So, we should not oppose participation in general terms and the same is true of intervention. The policy of Hong Kong people ruling Hong Kong will not be changed. Those who are elected by the Hong Kong people to rule Hong Kong are to be appointed by the central government rather than dispatched by Beijing. In selecting these people, naturally, we must include people from the left wing but try to minimize their number and also some people from the right wing. It is best for us to select more middle-of-the-roaders. In this way, people from all aspects will feel somewhat happy. In handling these problems, the central government will keep the general goal in sight rather than rigidly adhering to small matters.

On the one hand, people are afraid of change, and, on the other, they are afraid of intervention. Of what else are they afraid? Some people say that they are afraid of disorder. Once disorder occurs, we have to intervene. Not only should the central government intervene, but the Hong Kong people also should do so. There are always people who want to create trouble, but on no account should they be allowed to get anywhere [cheng qi hou 2052 3049 0230].

When I talked with the British, I discussed several things which we hope should not happen in the transitional period. One is that British capital will take the lead in withdrawing from Hong Kong. The other is that there will be big fluctuations in the Hong Kong dollar. If reserve funds are used up and the dollar depreciates, this will lead to disturbances. Can we not bother about reserve funds in the transitional period? Moreover, there is the land issue. If all land is sold to cover administrative expenses and the

burdens are shifted to the Hong Kong Government after 1997, can we not intervene? I discussed five issues with the British and they expressed their willingness to adopt a cooperative attitude.

I have said that China has the right to garrison Hong Kong. Except by garrisoning Hong Kong, how else can China exercise sovereignty over Hong Kong? Garrisoning Hong Kong has another role to play, that is, preventing disturbances. Being aware of the presence of the Chinese Armed Forces in Hong Kong, those who want to create disturbances have to take this factor into account. Even if disturbances occur, they can be solved promptly.

In regard to the Sino-British Joint Declaration, not only do we believe that we ourselves will comply with it but we also believe that the British will do so. We all the more believe that the compatriots in Hong Kong will do the same. Nevertheless, we must be aware that there are always some people who do not intend to implement it thoroughly. There are factors for certain disturbances and for trouble and destabilizing factors. Honestly speaking, these factors will not come from Beijing. That they exist in Hong Kong and may come from certain international forces cannot be ruled out. The international community's response to the Joint Declaration has been good. When it comes to change, people will always discuss whether or not Beijing's policies will change and never think that there will be changes in other aspects. So long as the compatriots in Hong Kong are united and select good politicians to manage Hong Kong, they should not be afraid of change and will be able to prevent disturbances. Even if there are disturbances, they cannot be major ones and can be solved easily.

After 1997, Taiwan's institutions in Hong Kong can still exist. They can propagate "the Three People's Principles" and can also denounce the Communist Party. We are not afraid of their abuses and the Communist Party cannot be toppled by abuse. However, in action, they must be aware that they should not create confusion and pursue "two Chinas" in Hong Kong. They are all Chinese. We are convinced that they will keep to the stance of our nation, safeguard the overall national situation and national dignity, and, on this basis, they will be allowed to carry out their activities and propaganda under Hong Kong's current circumstances.

In short, after the agreement was signed, we may come across many new developments. In the past we said that we should keep abreast of new developments and solve new problems. They are new developments and new problems. Frankly speaking, we also are not clear about what problems will occur in the future. However, if problems occur, we will handle them fairly and reasonably. Of the views I have discussed above, please explain them to the 5 million people in all professions and trades after you return to Hong Kong.

I hope that compatriots in Hong Kong and Macao will go to various parts of the country more frequently to have a look at the face of the country and its changes. We have a slogan which reads "Long live the great solidarity of the Chinese nation," do we not? So long as they keep to the stand of the nation and safeguard the overall national situation, all

people, regardless of their political viewpoints, including those who denounce the Communist Party, must be united. It is my hope that the compatriots in Hong Kong will unite as one, make concerted efforts to safeguard Hong Kong's prosperity and stability, and contribute to the smooth transfer of political power in 1997.

### 1987 Speech to Basic Law Writers

HK0311152393 Hong Kong TA KUNG PAO in Chinese  
3 Nov 93 p 3

[By Deng Xiaoping: "Speech at a Meeting With Members of the Hong Kong Special Administrative Region Basic Law Drafting Committee (16 April 1987)"]

[Text] Today, I just wanted to see all of you. We have not met for almost two years. I should say thanks for your hard work!

Your committee has worked for one year and eight months. Thanks to your diligence and wisdom, smooth progress has been made in your work, and you are also cooperating well. This will enable Hong Kong to undergo the transition in a better condition. Whether our "one country, two systems" can be really successful will find expression in the Basic Law of the Hong Kong Special Administrative Region [SAR]. This Basic Law will also set an example for Macao and Taiwan. Therefore, this Basic Law is of great importance. So far, no such law can be found in world history. It is a new thing. There are still three years for the drafting work, and proper arrangements should be made.

Today, I want to talk about the issue of no change. That is to say, for 50 years after Hong Kong returns to the motherland, the policy will not be changed. This includes the Basic Law that we are now drafting. It should be valid for at least 50 years. I should say that it will be less necessary to make any change after the 50 years have passed. Hong Kong's status should remain unchanged, the policy toward Hong Kong should remain unchanged, the policy toward Macao should remain unchanged, the policy toward Taiwan, that is, the policy of using "one country, two systems" to solve the issue of national reunification, should also remain unchanged for 50 years, and our policy of opening inwardly and opening up to the outside world should also remain unchanged. By the end of this century, China's per capita GNP will reach somewhere between \$800 and \$1,000. It seems that we can reach the level of \$1,000. Among the more than 100 countries in the world, at that time, we may still rank below the 50th place. However, the strength of our country will be quite different. At that time, our population may have increased to 1.2 to 1.25 billion people, and the gross national product may have reached \$1-1.2 trillion. Our socialist system is based on public ownership and is aimed at common affluence. At that time, we may have become a comparatively affluent society, in which the people's living standards are generally enhanced. More importantly, with such a foundation being laid, our economy will have further quadrupled in another 50 years and the per capita GNP will have reached the level of \$4,000. Although we may still rank below the 30th place in the world [sui ran hai shi zai ji shi ming yi xia 7173 3544 6703 0961 0415 0577 0682 0110 0007], China will have

become an intermediately developed country. At that time, if we have a population of 1.5 billion people, our GNP will reach \$6 trillion. This is calculated according to the 1980 exchange rate of the renminbi against the U.S. dollar. This figure will certainly rank first in the world. As we pursue the socialist distribution system, not only will the strength of the nation become different, but the livelihood of the people will also be improved.

What conditions do we need in order to achieve such a goal? First, we need a stable political situation. Why did we so seriously and rapidly deal with the student unrest? Because China can no longer undergo any turbulence and unrest [zhong guo bu neng zai zhe teng bu neng zai dong dang 0022 0948 0008 5174 0375 2124 7506 0008 5174 2124 0520 5616]. Everything must serve the overall interests. Being a key condition for China's development, the political situation must be stable. Second, the current policies should be kept unchanged. I have just said that we should consider the significance of no change from our objectives in the next several decades. For example, some people in our country are now discussing the issue of wage labor [gu gong de wen ti 7163 1562 4104 0795 7344], and I told many comrades that we should not make people feel that a "change" is being made on this issue and we may wait and see for a number of years. At first, I said that we might wait and see for two years. Now, two years have passed, and I said that we might continue to wait and see. At present, wage labor only exists in some small enterprises and involves some peasants undertaking contracts in the countryside. The number of wage-earning laborers remains rather modest as compared with more than 100 million workers in the whole country. In the whole situation, this is just a very small point. It is not difficult to deal with this issue, but this may make people feel that our policies are being changed again. Certain action should still be taken, because we do not want to see polarization. However, we still need to consider more carefully when and how to take action, and the action will just be to somewhat restrain such things. While dealing with such things, we should ensure that no unrest or even twists and turns will be caused. That is, we should view an issue from the angle of the overall interests. More importantly, all people should be encouraged to rack their brains and work out effective methods in order to promote our economic development and to display a pioneering spirit. We must not dampen such enthusiasm, because this will be unfavorable to us.

One is a stable political situation, and the other is stable policies. Stability should be maintained in these two aspects. Stability means making no change. If the policy remains effective and the planned target is achieved after 50 years pass, then it will be less necessary to make any change. That is the reason why I said that after the issue of national reunification is solved according to the principle of "one country, two systems," the policies toward Hong Kong, Macao, and Taiwan will remain unchanged for 50 years, and will still be kept unchanged after the 50 years pass. Of course, I will not exist at that time, but I believe that our successors will understand this point. Here, I still want to talk more about no change. People were glad to hear that the Chinese party and the Chinese Government promised to

adhere to the opening policy without making any change in it, but they became doubtful again when seeing the rustle of leaves in the wind [feng chui cao dong 7364 0706 5430 0520] and the struggle against bourgeois liberalization, and they said that China was changing its policies again. They neglected the fact that China's policies basically include two aspects, and there will be no change in both aspects rather than in only one aspect. People tended to neglect the aspect of upholding the four cardinal principles and adhering to the socialist system and to the leadership of the Communist Party. People are often concerned about whether China's opening up policy is changed, and they seldom care about whether China's socialist system is changed. In fact, the latter will also remain unchanged.

We shall continue to adhere to the socialist system and uphold the four cardinal principles, and this is what we have long ago decided and is something that has been written into the PRC Constitution. Our policies toward Hong Kong, Macao, and Taiwan were also formulated on the basis of upholding the four cardinal principles in the main body of the country. Without the CPC, without China's socialism, who would be able to formulate such policies? Nobody would have such courage and insight, and no other parties would be able to do this. Do you agree with my opinion? To make such a policy decision, one must have certain courage and insight, and such courage and insight require certain grounds. The grounds are the socialist system, the socialist China under the leadership of the Communist Party. We are building socialism with Chinese characteristics, and that is the reason why we formulated the policy of "one country, two systems" and allow the coexistence of two different systems. Without certain courage, one may not be able to do this. The courage comes from the people's support. The people support the socialist system in our country, and support our party's leadership. It is one-sidedness to neglect the four cardinal principles. When observing China's policies and seeing whether there are any changes, one should also see whether there are changes in this aspect. Frankly speaking, if there are changes in this aspect, there would be no prosperity and stability in Hong Kong. To maintain Hong Kong's prosperity and stability for 50 years and to continue to maintain such prosperity and stability after the first 50 years pass, we must maintain the socialist system under the leadership of the CPC. Our socialist system is a socialist system with Chinese characteristics. A major point of these characteristics is the handling of the Hong Kong, Macao, and Taiwan issues, namely, the concept of "one country, two systems." This is a new thing. This new thing was not put forth by the United States, nor by Japan, nor by Europe, nor by the Soviet Union. It was put forth by China. So it is called China's characteristic. By making no change, we mean that the whole body of the policies and all aspects of the policies will remain unchanged. If a change occurs in one aspect, it will affect aspects. Therefore, I hope that you will explain this point to our friends in Hong Kong. One may imagine what Hong Kong will look like if China changes its socialist system, the socialist system with Chinese characteristics under the leadership of the CPC. In that case, Hong Kong's prosperity and stability will also be ruined [ye hui chui de 0048 2585 0706 4104]. In order to

really keep things unchanged for 50 years and keep things unchanged after the first 50 years pass, the socialist system on the mainland must be kept unchanged. We are opposed to bourgeois liberalization because we must guarantee that China's socialist system will not change and that the whole policies will not change. If these things change, our plan to reach the level of being comparatively affluent by the end of this century and to reach the level of an intermediately developed country by the middle of next century will fall through. At present, international monopoly capital controls the world economy and occupies the market. It is not easy to succeed in the struggle. It is even more difficult for such a poor country as ours to succeed in the struggle. Without the opening policy and the reform policy, we will not be able to succeed in the competition. You know this more clearly than we do. There are indeed a great many difficulties. The issue of "no change" is an issue often discussed by people, and I believe that this will still be discussed at the end of this century and even next century. We should use facts to prove "no change."

Now, some people say that China's reform and opening up policy is going to be wound up. I should say that there are some problems with commodity prices in our country, and the investment in capital construction also has been tightened somewhat, but things should be approached from an overall point of view. At every step, something may be tightened and something may be relaxed, and this is rather natural. In general, we will continue to open, and our opening policy certainly will continue. Now, our opening remains insufficient. Our opening and reform are never easy, and we must be bold and firm. Without opening and reform, we will have no bright future, and our country's modernization will not be realized. However, we also should be careful when dealing with concrete affairs, and should sum up our experience in good time. We should sum up experience after each step we take, and see in what aspects we can accelerate the pace, in what aspects we should slow down, and in what aspects things should be brought under better control. We must act in this manner, and must not act recklessly or rashly. Some people thought that our policies were changed when seeing that retrenchment was made in some aspects, and their opinion was not correct.

There are also two aspects in "one country, two systems." On the one hand, this indicates that a socialist country allows some special areas to practice capitalism for several decades or even over 100 years rather than a short period of time. On the other hand, this also makes it certain that main body of the country will continue to pursue socialism. Otherwise, there would be only "one system," so why mention "two systems?" People who hold the idea of bourgeois liberalization hope that capitalism, or "total Westernization," will be adopted in the Chinese mainland. On this issue, we should not have a one-sided point of view. Without keeping the two aspects, the idea of "one country, two systems" and keeping things unchanged for several decades will not come true.

Once, I was asked by an American reporter, a Mr. Wales [hua lai shi 5478 5490 1102], why Taiwan should be unified with the mainland, as the current economic development

level of the mainland is much lower than that of Taiwan. I answered: There are two main reasons. First, China's reunification is the hope of the entire Chinese people, a hope that has been cherished for a century and a half! Since the Opium War, China's reunification has become the hope of the Chinese nation, including the people in Taiwan. This is the hope of the whole nation, and not the hope of a certain party or faction. Second, if Taiwan is not unified with the mainland, Taiwan's status as part of China's territory will not be guaranteed, and may be taken by another nation one day in the future. Now, many people in the world are trying to have a hand in the Taiwan issue [xiang zai tai wan wen ti shang zuo wen zhang 1927 0961 0669 3494 0795 7344 0006 0254 2429 4545]. If Taiwan is unified with the mainland, the situation will be stabilized, even if all systems in Taiwan remain unchanged. Therefore, people on both sides of the strait will regard the settlement of this issue as a great and good thing, and are willing to make contributions to the reunification of our country [guo jia 0948 1367] and our nation [min zu 3046 2469].

I also want to talk something about the drafting of the Basic Law. In the past, I said that the Basic Law should not be too detailed. Hong Kong's systems also cannot be completely Westernized, and should not totally copy Western patterns. The current system in Hong Kong is not the same as that in the United Kingdom or the United States, and Hong Kong has existed under this system for a century and a half. It may not be a proper option to totally copy the parliamentary system of the UK or the United States, such as the separation of the three powers, and use this to judge whether or not there is democracy. You may come together to give deep thought to this issue. As far as democracy is concerned, we in the mainland advocate socialist democracy, which is different from the concept of bourgeois democracy. In the West, democracy is related to the separation of three powers and to multiparty elections. We do not mind if the Western nations adopt such a practice, but we in the Chinese mainland will not carry out multiparty elections or adopt the pattern of three separated powers and the bicameral parliamentary system. We have adopted the unicameral National People's Congress system, and this is the system best suited to China's conditions. If the policies and the orientation are correct, this system can bring great benefits, and it is beneficial to our nation's growth and prosperity and can avoid many complications [bi miao hen duo qian che 6699 0346 1771 1122 3677 2102]. Of course, if the policy is wrong, the problem still will exist, no matter what parliamentary system you adopt. In Hong Kong, is general election [pu xuan 2528 6693] certainly beneficial? I do not believe this. For example, as I mentioned before, in Hong Kong, local affairs certainly will be administered by local people in the future. Should these people be elected in the form of universal suffrage [pu bian tou piao 2520 6664 2121 4384Z]? As we said before, the people who govern Hong Kong should be Hong Kong people who love the motherland and love Hong Kong. Will such people with certainty be returned by voters through general elections? Recently, Hong Kong Governor David Wilson said that progress should be made gradually [yao xun xu jian jin 6008 1789 1645 3362 6651]. I think that this opinion is rather realistic.

Even if the general election system is to be adopted, there still should be a process of gradual transition, with progress being made step by step. I told a foreign guest that general elections will not be held in the Chinese mainland until the second half of the next century. At present, our elections above the county level are indirect elections, and direct elections are held only at and below the county level and at the grass-roots level. This is because we have a population of 1 billion people, and the people's educational level [wen hua su zhi 2429 0553 4790 6347] still is not high enough. In fact, something may be feasible in some countries, but not necessarily feasible in others. We must act in light of our conditions in reality, and decide our own systems and administrative patterns according to our own characteristics.

One more issue should be clarified here: One must not think that affairs in Hong Kong will be handled entirely by Hong Kong people, and that the central government will not take care of anything at all, and one should not think that everything will be all right in such circumstances. In fact, this is impossible, and this idea is unrealistic. The central government indeed will not meddle in the concrete affairs of the SAR, and such interference is unnecessary. However, is it possible that things detrimental to the fundamental national interests also will occur in the SAR? Can anybody say that such things will never occur? If such things occur, should Beijing bother about them or not [guo wen bu guo wen 6665 0795 0008 6665 0795]? Can anybody say that things detrimental to Hong Kong's fundamental interests will never occur? Can you imagine that Hong Kong will never encounter any disturbances and any destructive forces? I do not see the grounds for comforting myself in this regard. If the central authorities give up all powers, a certain amount of confusion may occur and may harm Hong Kong's interests. Therefore, preserving certain powers in the hands of the central government will only be beneficial to Hong Kong and will do no harm to Hong Kong. All of you may think cool-headedly: Will Hong Kong sometimes encounter problems that cannot be solved without Beijing coming forward? In the past, if Hong Kong encountered some problems, it might turn to the UK for help! You will certainly encounter something that you find it hard to deal with without the involvement of the central government. The central policies will not be detrimental to Hong Kong's interests. It is also hoped that things harmful to the national interests and to Hong Kong's interests will not happen in Hong Kong. What should be done if such things happen indeed? So all of you should give consideration to this point, and the Basic Law should deal with things in this connection, as well. Some things, such as some people cursing the CPC and cursing China after 1997, will still be allowed by us. However, if this is turned into action, and if some people try to turn Hong Kong into a base for opposing the mainland under the disguise of "democracy," what should be done? Then we will have no other choice but to intervene [na jiu fei gan yu bu ke 6719 1432 7236 1626 7315 0008 0668]. The intervention should be made first by the administration in Hong Kong, and it is not necessary to send the troops

stationed in the mainland. Only when turmoil or major turmoil occurs will troops be sent. Anyway, intervention must be made!

In conclusion, "one country, two systems" is a new thing. There will be many things beyond our expectations. The Basic Law is an important document, and must be formulated with great conscientiousness according to the conditions in reality. I hope this will be a very good law that really gives expression to the concept of "one country, two systems" and which will be feasible and successful.

#### 'Note' on Deng Works Recounts PRC-UK Talks

HK0411130493 Hong Kong WEN WEI PO in Chinese  
4 Nov 93 p 2

[“Explanatory note” on Volume 3 of *Selected Works of Deng Xiaoping: “Inside Information on Sino-British Talks on the Hong Kong Issue—originally published in Volume 3 of Selected Works of Deng Xiaoping, with subheads provided by WEN WEI PO”*]

[Text] Hong Kong is a question left over from history. Hong Kong (comprising Hong Kong Island, Kowloon, and the New Territories) has been China's territory since ancient times. In 1840, the United Kingdom launched the Opium War. In 1842, the Qing Dynasty government was forced to sign the “Treaty of Nanking,” permanently ceding Hong Kong Island to the UK. In 1856, Anglo-French allied forces launched the second Opium War. In 1860, the Qing government was forced to conclude the “Convention of Peking,” permanently ceding the tip of the Kowloon Peninsula to the UK. In 1898, at a time when the big powers were carving out spheres of influence in China, the UK took the opportunity to force the Qing government to sign the “Special Clause on the Extension of Hong Kong Territory,” leasing vast stretches of the Kowloon Peninsula and over 200 surrounding islands for 99 years, to expire on 30 June 1997. The Chinese people have objected to the three above-mentioned treaties.

With the founding of the PRC, the Chinese Government maintained a consistent position: Hong Kong is China's territory, China does not recognize the three unequal treaties imposed by the imperialists, and China would like to settle this problem through negotiations in due course and maintain the status quo prior to its being settled.

#### The Revered Mr. Deng Declines the British Prime Minister's Request

Following the Third Plenary Session of the 11th CPC Central Committee, the Chinese people have been struggling for the fulfillment of three tasks; that is, achieving socialist modernization, realizing the motherland's unification and objecting to hegemonism, and upholding world peace. Deng Xiaoping put forward the idea of “one country, two systems” in order to settle the Hong Kong and Taiwan questions. Meanwhile, as the year 1997 was approaching, the British side constantly sounded out China's position and attitude on the settlement of the Hong Kong question. Under these circumstances, the time was ripe to settle the Hong Kong question.

The Sino-British talks on settling the Hong Kong question were divided into two stages. The first stage was from September 1982, when British Prime Minister Mrs. Thatcher paid a visit to China, to June 1983, when the talks were mainly on matters of principle and procedure. The second stage was from July 1983 to September 1984, when the two government delegations held 22 rounds of talks on specific and substantial matters.

On 24 September 1982, Deng Xiaoping met Mrs. Thatcher. Before that, the Chinese premier held talks with her. The Chinese leaders officially informed the British side that the Chinese Government had decided to regain sovereignty over all parts of Hong Kong and, at the same time, made it clear that China would adopt special policies after regaining sovereignty over Hong Kong, including founding the Hong Kong Special Administrative Region, which would be administered by local Chinese in Hong Kong, and maintaining the existing social and economic systems and way of life. However, Mrs. Thatcher insisted that the three unequal treaties were still valid. She proposed that if China agreed to let the UK continue its rule over Hong Kong after 1997, the UK could consider China's demand for sovereignty. To counter Mrs. Thatcher's remarks, Deng Xiaoping gave an important speech when meeting her. Through this conversation, both sides agreed to consult each other through diplomatic channels to settle the Hong Kong question. Over the following six months, since the British side maintained its position on the issue of Hong Kong sovereignty, the consultations made hardly any progress. In March 1983, Mrs. Thatcher wrote a letter to the Chinese premier and pledged that she was prepared to put forward a proposal to the British Parliament to let China regain sovereignty over all parts of Hong Kong. In April 1983, the Chinese premier wrote in his reply that the Chinese Government agreed to hold formal talks as early as possible.

From 12 to 13 July 1983, the Chinese and British Government delegations held the first round of talks. Because the British side still insisted on the continuation of its rule over Hong Kong after 1997, no progress was made after four rounds of talks. In September 1983, Deng Xiaoping said when meeting former British Prime Minister Heath that it would not work if the UK wanted to exchange sovereignty for ruling authority. Deng advised the British side to change its approach; otherwise China could not but unilaterally make public its principles and policies on settling the Hong Kong question. In October 1983, the British prime minister wrote a letter to China, saying that both sides could discuss a lasting arrangement for Hong Kong on the basis suggested by China. In the fifth and sixth rounds of talks, the British side confirmed that it no longer insisted on British rule and would not seek any form of joint rule. It also understood that China's plan was devised on the basis of the precondition that sovereignty and ruling authority over Hong Kong should be returned to China after 1997. At that time, the major obstacle in the Sino-British talks began to be removed.

#### The Seventh Round of Talks Embarks on a Track

Beginning the seventh round in December 1983, the Sino-British talks embarked on a track on which discussions were

based on the basic principle and policy of the Chinese Government on resolving the Hong Kong issue. According to the Chinese Government's basic principle and policy, the future Hong Kong Special Administrative Region [SAR] will be under the direct jurisdiction of the central people's government of the PRC. With the exception of foreign affairs and national defense, which will be under the management of the central people's government, the Hong Kong SAR will enjoy a high degree of autonomy. The central people's government will send troops to the Hong Kong SAR for defensive purposes. The SAR government will be composed of local people. British and other foreign nationals may be employed as advisers or take up senior posts or posts at the deputy policy secretary level. The British side explicitly promised not to raise proposals contradicting Chinese sovereignty, but during discussions it frequently put forward proposals breaching its commitment. For example, the British side repeatedly used "a maximum degree of autonomy" to change the meaning of "a high degree of autonomy" proposed by the Chinese side, and it objected to putting the Hong Kong SAR under the direct jurisdiction of the central government. The British side repeatedly requested the Chinese side not to station troops in Hong Kong, in an attempt to restrict China's exercising sovereignty over Hong Kong. It also asked to station in Hong Kong a "British commissioner" representative organ, which is different from other countries' consulates general in Hong Kong, hoping to turn the Hong Kong SAR into a member or paramember of the British Commonwealth. The British side also proposed that overseas officials with Hong Kong identity cards should be allowed to take up "highest-level posts in the public service system," while requesting that the Chinese side promise that it would inherit the complete Hong Kong Government structure after 1997 and whatever changes the British side might introduce during the transitional period. The essence of the British side's proposals was to turn Hong Kong into an independent or semi-independent political body which the UK could influence. This directly contradicted Chinese sovereignty. Naturally, the Chinese side firmly objected to these proposals and did not accept them.

#### **The 12th Round of Talks Begins Discussions on the Transfer of Power**

In the 12th round of talks in April 1984, both sides began to discuss arrangements for Hong Kong during the transitional period and matters related to the transfer of power.

The establishment of a joint organ in Hong Kong was one of the most difficult questions encountered in the talks. The Chinese side proposed its basic idea on arrangements for Hong Kong during the transitional period and matters related to the transfer of power. It suggested the establishment of a permanent Sino-British joint group whose task would be to coordinate the implementation of Sino-British agreements and to discuss detailed measures for a smooth transfer of power. The British side firmly opposed this and stressed that the period before 1997 should not be formally termed a "transitional period" and that no permanent organ should be established, to avoid creating the impression of Sino-British "joint administration." In April 1984, British

Foreign Secretary Geoffrey Howe visited China. When meeting him, Deng Xiaoping said: There will be much to do during the transitional period; how will we proceed with our work if there is no organ? He indicated that this group could be established in Hong Kong, whereas meetings could be held in Hong Kong, Beijing, and London in turn. Howe agreed that both sides would hold discussions on this basis. But in the three months of talks subsequent to this, the British side objected to forming a joint group in Hong Kong, causing a deadlock in the talks. In July the British foreign secretary visited China again. The Chinese side said that if the British side agreed to forming a joint group in Hong Kong, both sides could discuss when it would be established in Hong Kong and whether or not it could continue to exist for a period of time after 1997. Finally both sides agreed to establish a joint liaison group on 1 July 1987 and dissolve it on 1 January 2000.

#### **Disagreement on the Way To Express Sovereignty**

China and the UK decided at their talks that China's recovery of Hong Kong and its resumption of exercising sovereignty over Hong Kong should be clearly expressed in an agreement. The British side did not accept the way the Chinese side expressed its resumption of exercising sovereignty over Hong Kong, and the draft the British side proposed still indicated the validity of the three unequal treaties. The Chinese side firmly rejected this. Finally both sides agreed on a form of "joint declaration" and the following form of expression: The Chinese Government stated: "The Government of the People's Republic of China has decided to resume exercising sovereignty over Hong Kong on 1 July 1997." The British Government stated: "The Government of the United Kingdom will return Hong Kong to the People's Republic of China on 1 July 1997." This determined the way of expressing to whom sovereignty belongs.

Subsequently the delegations of both sides held three rounds of talks to discuss the details of nationality, aviation, and land questions, which involve complex policy and technical issues. They also held repeated consultations on the wording of the agreement. The two sides reached agreement on all the questions on 18 September 1984 and initiated the Sino-British Joint Declaration and its three Annexes on 26 September. Thus the two-year talks between the Chinese and British Governments on the Hong Kong issue concluded satisfactorily. On 19 December 1984, in Beijing, the heads of the Chinese and British Governments formally signed the Joint Declaration on the Hong Kong question. On 27 May 1985, in Beijing, the Chinese and British Governments exchanged ratification documents, and the Sino-British Joint Declaration formally came into effect.

#### **Team for Seattle APEC Meeting Discusses Plans**

HK3010075093 Hong Kong *THE STANDARD* in English 30 Oct 93 p 17

[By Peta Firth]

[Text] The Trade Development Council (TDC) has moved to puncture expectations that next month's Asia-Pacific Economic Co-operation (Apec) meeting will pave the way

for sweeping changes to trade in the region. The TDC put itself at odds with the U.S. view that the talks in Seattle, Washington, would be "historic". It said the talks were primarily a "stock take" of various Apec committees' work over the past few years.

John Tsang, assistant director-general of trade, said he did not expect anything too drastic. The main purpose of the summit is to exchange information about the economies of Apec members and details of customs procedures in each of the member countries. "We will report on economic trends and issues and we will analyse and discuss them. It is not a negotiation meeting, it is an exchange of ideas," Tsang said.

The Hong Kong team had no plans to arrive in Seattle with suggestions for how Apec should evolve. The negotiations were ongoing and Hong Kong was not expecting Seattle to be a catalyst, according to Tsang. He said the Hong Kong team was not going just to listen, but would brief other members on Hong Kong's situation. Reports on the work of 10 working groups will be heard and a work program will be set up for next year. "The whole of Apec is at an early stage. Mostly we will just try to deepen our understanding. We aim to exchange information for regional cooperation," Tsang said.

Three meetings are scheduled. The first is for senior trade officials. This will be followed by a minister's meeting and then the leaders' summit at which Hong Kong's Financial Secretary, Hamish Macleod, will meet President Bill Clinton.

### Telephone Firm Applies for Cable TV License

HK0311065093 Hong Kong SOUTH CHINA MORNING POST in English 3 Nov 93 pp 1, 7

[By Simon Twiston Davies]

[Text] Hong Kong Telecom yesterday announced plans to go head-to-head with Wharf Holdings in a bid to dominate cable TV and telecommunications in the territory.

According to Peter Howell-Davies, deputy chief executive at Telecom, the Hong Kong telephone monopoly holder has applied to the Government for a cable TV licence to operate a multi-media network as soon as Wharf Cable's exclusivity period expires at midnight on May 31, 1996.

The announcement that Telecom was planning to spend in excess of \$1 billion [Hong Kong dollars] on a cable TV network came only two days after Wharf Holdings' wholly-owned subsidiary, Wharf Cable, began transmissions on its own \$5 billion cable TV network.

However, when Telecom's own immensely profitable exclusive franchise to carry local telephony expires in mid-1995, Wharf Holdings is just one of half-a-dozen companies that have vowed to move into the local telephone business.

To build its full telephone network, Wharf Holdings has apparently allocated between \$6 billion and \$11 billion, according to one of its executives.

In its announcement, Telecom also confirmed plans to launch a video-on-demand system in 1995 after having completed a \$30 million trial in 400 Hong Kong homes in mid-1994.

An additional \$30 million would also be spent on researching and planning the cable TV network, said Mr Howell-Davies.

The video-on-demand system, which according to government regulations Telecom could launch immediately, will be carried over the telephone network's traditional copper phone wires.

This will allow Telecom's 1.9 million residential customers to dial a number and have a specific video delivered to a television set via a home decoding box at any time they choose.

The full Telecom cable television network will be carried from a hi-tech fibre optic trunk to a customer's television set via coaxial cables, the kind of wiring currently connected to most television sets.

As with its planned video-on-demand service, the Telecom cable TV system will be in Cantonese with additional services in English and Putonghua.

Even so, Mr Howell-Davies was reluctant to name any potential programme providers for the network.

"I can only tell you that Hong Kong Telecom won't be going into the programme-making business."

The Telecom cable television network will provide such products as "home shopping" electronic games on demands, electronic banking, and many other fully interactive services", Mr Howell-Davies said.

Telecom believed the move into interactive services would bring benefits to Hong Kong as a regional trading centre, he said.

"If it enhances standards of living and business efficiency, then these comprehensive, interactive multimedia services must be a positive for the territory," he said.

In 1986-87 Telecom was the leading company in the Cable Television Hong Kong consortium that was forced to withdraw its bid for the territory's exclusive cable TV franchise.

In the event, the Government felt that too much power would be in the hands of the British Cable & Wireless subsidiary and looked at other candidates.

The losses to Telecom were never revealed, but they were estimated to be up to \$100 million.

Even so, since then Telecom has been investing about \$4 billion a year in a telephone network that now has many of the elements needed for a full cable television network.

Mr Howell-Davies pointed out that Telecom already provided extensive video services through teleconferencing networks and news channels to many local companies.

"It is the right strategic step for us to extend the range of our video services to meet the needs of medium-sized and domestic customers as well as the major corporations," he said.

"We see this development of our services as helping our customers to stay competitive and one which will keep Hong Kong ahead of the pack as a regional business centre."

Reaction from industry insiders was one of surprise that Telecom was announcing its plans at this time even though it was a logical step.

"I'm sure they have had this in mind for quite a while," said a telecommunications consultant. "But they still have to

face a number of regulatory questions about cross-subsidisation and that could yet trip them up."

Stephen Ng, deputy managing director of Wharf Cable, greeted the challenge equably.

"This doesn't surprise me at all," he said.

"When we accepted our 12-year licence in late May we knew our exclusivity only ran for three years and that the Government would consider other licences after that."

"Who they award them to is up to them. It could be Hong Kong Telecom or somebody else. We aren't too concerned."

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